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JPRS Report

China

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Effective 1 June 1987 JPRS reports will have a new cover design and color, and some reports will have a different title and format. Some of the color changes may be implemented earlier if existing supplies of stock are depleted.

The new cover colors will be as follows:

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SOVIET UNION.....	salmon
EAST ASIA.....	yellow
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LATIN AMERICA.....	pink
WEST EUROPE.....	ivory
AFRICA (SUB-SAHARA).....	tan
SCIENCE & TECHNOLOGY.....	gray
WORLDWIDES.....	pewter

The changes that are of interest to readers of this report are as follows:

The CHINA REPORT: ECONOMIC AFFAIRS (CEA) and the CHINA REPORT: POLITICAL, SOCIOLOGICAL AND MILITARY AFFAIRS (CPS) will no longer be published. Material formerly found in these reports will appear in the CHINA (CAR) series.

CHINA/RED FLAG (CRF) will be issued as a separate series.

CHINA/STATE COUNCIL BULLETIN (CSB) will be issued as a separate series.

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11 JUNE 1987

CHINA

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VENTURE CAPITAL TO AID MODERNIZATION DRIVE

HK150353 Hong Kong SOUTH CHINA MORNING POST (BUSINESS POST) in English
15 Apr 87 p 1

[By Eva To]

[Text] China is embarking on a major experiment in using venture capital as a short-cut to modernisation.

A little-publicised enterprise based at Shekou is piloting a course that could lead to two important changes in business in the country--the revamping of the science and technology research system and, possibly, the establishment of an equity market in China.

China Venturetech Investment Corporation (CVIC), set up 14 months ago with the seemingly modest aims of providing funds for small and medium-sized businesses which are short of development funds, could prove to be the catalyst for the far-reaching changes.

As the direct transplant of foreign technology in the past few years has not been very successful, China is apparently banking a lot on the venture capital route to raise the technology level and the productivity of its economy.

Because of the nature of venture capital the existence alone of CVIC has brought pressure for changes on the equity and technology fronts.

For a venture capital experiment to work the fund provider needs to reap quick profit from successful venture-backed companies by offloading its equity share onto an equity market.

In the absence of a proper equity market, this offloading process and the generation of cash for other venture capital investments would be seriously hampered.

Equity, a tested and proven means to raise funds effectively in other countries, could also serve a useful purpose for the modernisation program of China, according to Song Jian, State Councillor and director of the State Science and Technology Commission.

Thought equity as a fundraising instrument was a product of modern capitalism, there was no reason why its constructive elements could not be deployed to serve a different social system, he said.

"Equity market had been proven to be a key institution in modern capitalism in enhancing industrial and economic development," he added.

Venture capital also had a role as an outlet for surplus funds that had been locked up in hoarded savings or not fully utilised.

"Our current study on venture capital and fund raising is a core issue to the nation's on-going exercise to mobilise the wealth of the people," Mr Song said.

Although the question of setting up a proper equity market is still being debated in Beijing, the high-ranking support for the venture-capital experiment suggests that it has been given a preliminary green light.

As a measure of official support CVIC, is sanctioned by the State Council, the State Industry and Commerce Administration Bureau, the People's Bank of China (China's central bank) and the State Administration of Foreign Exchange Control.

CVIC is authorised to conduct equity investment, financial trust, equity and bond issuing (both in China and overseas), equipment leasing as well as financial guarantee to small and medium-size companies in both local and foreign currencies. It is also permitted to conduct project feasibility studies for both domestic and overseas clients in addition to exercising financial control over the management businesses it invests in.

CVIC now plans to double its financing target and possibly triple its capital base in 1987 after an encouraging start.

It is also preparing the formation of two branches, in East China and South China and two subsidiaries in property and land as well as technological cooperation.

During its 14 months in operation, CVIC has approved financing for 79 enterprises from nearly 1,200 applications and last year it laid out 70 million yuan (about Hk\$146.3 million) in venture capital. The financing target for this year is more than double at 150 million yuan.

CVIC plans to increase its capital of 40 million yuan by 100-200 per cent in the next year.

Among the approved applications, a large proportion of funds went into companies manufacturing new and advanced materials, while the remainder went into the fields of biotechnology, electronics.

On the question of the organisation's role in promoting technology, CVIC general manager Zhang Xiaobin said in 1985 in an internal address that "the

most important shortfall of our science and technology management system lies in its inability to bring about effective commercial applications of our scientific findings."

Red tape in the fund allocation structure is a major cause of problems plaguing China's science and technology system.

Though considerable state resources had been reserved for scientific research, the deployment of such funds had been such that while innovation was discouraged for those with funding, innovative researchers lacked the financial backing to carry out their work properly, according to a recent document on the reform of China's science and technology system.

The report said that because well-funded researchers feared failure in high technology experiments they tended to "repeat other findings at a rather low technology level."

Moreover, a heavy emphasis on providing funds for relatively big projects, usually with long investment cycles, swallowed up money that could have fed smaller enterprises.

The document proposed a transition period of five years for revamping this fund allocation structure, with the ultimate aim of making the established research units fund at least part of their work from commercial applications of their work.

Venture capital, provided jointly by state enterprise and private money, could be an important source of cash for the smaller and medium-size enterprises, the report added.

While the success of China's venture capital experiment is yet to be proven over time, Mr Song points out that "despite carrying inherent risk, the attempt to employ venture capital fund is in line with the needs of the time as well as meeting the urgent need of China's economic construction."

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CSO: 4020/192

NORTHEAST ECONOMIC ZONE'S 1986 DEVELOPMENT

SK242344 Shenyang DONGBEI JINGJI BAO in Chinese No 140, 11 Apr 87 p 2

[Brief introduction of Northeast China Economic Zone's 1986 economic and social development]

[Text] Northeast China made new achievements in economic and social development in 1986 thanks to the people of all nationalities adhering to the four cardinal principles and conscientiously implementing the principle of reform, opening up to the outside world, and invigorating the domestic economy under the leadership of the Party Central Committee, the state Council, the provincial (regional) party committees, and the provincial (regional) governments. Thus, a good start for implementing the Seventh 5-Year Plan was created. According to preliminary statistics, the total social product of the Northeast China Economic Zone was 253.13 billion yuan, an increase of 8.6 percent over the previous year. National income was 99.63 billion yuan, an increase of 7.9 percent. On the basis of the stable development of production, the pace of technological transformation was accelerated, markets flourished, foreign economic relations and trade were expanded continually, income of both urban and rural residents increased, and new progress was made in science and technology, education, and public health. (Footnote 1: The aforementioned figures are given according to the preliminary statistics.) (Footnote 2: Total social product is the sum of agriculture, industry, construction, transport, and commerce. National income is the sum of net output value of the above-mentioned five departments.) (Footnote 3: Total social product, national income, and gross domestic product are calculated in terms of 1986 prices. The growth rate of these three targets are calculated in terms of comparable prices.) (Footnote 4: National income is a figure of net income of the three provinces of Northeast China.) According to preliminary statistics, the gross domestic product of the three provinces of Northeast China was 119.1 billion yuan, an increase of 8.4 percent over the previous year. (Footnote 5: Gross national product refers to the value of products and labor services used by society and supplied by material productive departments and nonmaterial productive departments, not including the value of products and labor service consumed by intermediate units.) Major problems in the economic development were as follows: The contradictions between the overall demand of society and the overall supply of society were slightly alleviated but were not basically eliminated. The changing situation in product mix could not keep abreast of the changing situation in market demands.

1. Agriculture

The rural areas of Northeast China continued to readjust the rural production structure in 1986 through conscientiously implement Document No. 1 of the central authorities. The stable development of agricultural production was ensured thanks to the fact that the people conquered the difficulties caused by serious natural disasters. The total agricultural output value of the economic zone reached 32.21 billion yuan, an increase of 7.3 percent over the previous year and greatly exceeding the planned increased target of 5 percent. Total grain output reached 47.406 million tons, an increase of 19.2 percent. The situation of grain production of various provinces (region) was as follows:

	Amount of increase over 1985	% increase over 1985
Liaoning	12.222 million tons	25.2
Jilin	13.977 million tons	14.1
Heilongjiang	17.763 million tons	26.7

Three leagues and one city in eastern Nei Monggol

3.444 million tons	-8.1
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The output of cash crops, including beets, flax, cured tobacco, and medicinal herbs, increased to varying degrees. The output of cotton and oil-bearing crops dropped by a big margin due to the planned reduction in their growing areas.

Forestry policies were further implemented. The vast number of the masses were aroused with enthusiasm for planting and managing forests and for promoting the development of afforestation. Thus, the activities of making the motherland green were promoted. In 1986 the economic zone afforested 17.144 million mu and the output of major forest products increased.

Animal husbandry developed constantly. The number of large animals at year end reached 13.419 million head, an increase of 270,000 head over the previous year. The number of pigs reached 24.008 million head, a drop of 307,000 from the previous year. The output of pork, beef, and mutton reached 1.449 million tons, an increase of 7.3 percent. The total output of aquatic products was 808,000 tons, an increase of 16.6 percent.

Major problems in agricultural production at present are as follows: Some water conservancy projects which are outdated or are out of repair have weakened their capability of combating natural disasters. Reserve strength for development should be further improved.

2. Industry

Industrial production maintained a normal development rate. In 1986, the economic zone's industrial output value came to 146.72 billion yuan, 9 percent over the previous year, and surpassing the state-planned growth rate. Excluding the industries at and below the village level, and urban private

industries, the output value was 134.5 billion yuan, an increase of 6.8 percent. In industrial output value, the increase of the state sector was 5.6 percent, that of the collective sector 10.3 percent, and that of township (town) industries 23.4 percent.

The structure of industry improved, with the light industrial production developing vigorously. The light industrial output value of the economic zone (excluding the industries at and below the village level, and urban private industries) was 47.85 billion yuan in 1986, 12.5 percent over the previous year, and the heavy industrial output value was 86.65 billion yuan, a 3.9 percent increase. In light industry, industries with industrial products as the raw materials witnessed a comparatively greater growth rate, and the fine-quality goods readily marketable in markets increased by a larger margin. In heavy industry, raw material industries grew more rapidly.

The output of major industrial goods was as follows:

	Amount of Increase Over 1985	Percentage Increase Over 1985
Cloth	1,115.742 million meters	10.0
Wood Fabrics	29.985 million meters	12.5
Machine-Made Paper and Paperboard	1.787 million tons	5.3
Bicycles	2.689 million	21.4
Wrist Watches	8.281 million	9.7
Television Sets	662,000	-47.4
of Which Color		
Television Sets	186,000	-31.6
Radio-Recorders	572,000	2.5
Household Washing Machines	1.816 million	5.3
Raw Coal	147.602 million tons	0.4
Crude Oil	68.13 million tons	2.2
Natural Gas	4.85 billion cubic meters	-3.4
Electricity	77.22 billion kwh	9.0
Steel	12.05 million tons	5.4
Pig Iron	11.97 million tons	8.0
Timber	31.679 million cubic meters	10.3
Cement	20.18 million tons	11.6
Plate Glass	11.284 million heavy weight boxes	1.8
	[Zhong Liang Xiang 6850 6852 4630]	
Chemical Fertilizer	1.132 million tons	1.3
Machine Tools	26,200	-0.8
Motor Vehicles	104,000	-25.7

The major problem in industrial production was that the readjustment of production output and product mix could not meet the changes in the structure of demand, which resulted in an increase in the goods kept in stock, made the production cost exceed the budget, and hindered the improvement of economic results. According to preliminary statistics, the industrial output value of the local budgetary industrial enterprises of the economic zone showed a 7.5

percent increase over the previous year, and their income from sales of products grew by 13 percent, but their profits and taxes rose by only 3.7 percent.

3. Investment in Fixed Assets and the Building Industry

The precipitous rise in the investment in fixed assets was brought under control, and construction of key projects, renewal of equipment, and technical transformation were stepped up. In 1986 the investment in the urban and rural fixed assets in the economic zone totaled 37.98 billion yuan, an increase of 9.8 percent, or 3.34 billion yuan, over the previous year, which was much lower than the 39.5 percent growth rate of the previous year. The investment of state-owned units was 29.59 billion yuan, up 15.5 percent from the previous year; that of urban and rural collective units was 2.99 billion yuan, up 8.7 percent; and that of urban and rural individuals was 5 billion yuan, a decline of 15 percent. Among the fixed asset investment of state-owned units, that in capital construction totaled 15.73 billion yuan, 1.59 billion yuan, or 11.2 percent, greater than the previous year.

Construction of key projects was stepped up continuously. The construction of the large and medium-sized projects whose construction was arranged by the state according to the rational schedule proceeded according to the planned speed. In 1986, most of the 9 large and medium-sized projects and the 29 single-item projects in the three northeast China provinces to be completed according to the state plan were completed on schedule and some of them were basically completed.

At present, we have accelerated enterprise technical transformation in an effort to increase momentum for invigorating economy in the Northeast Economic Zone. In 1986 the state-owned units in the economic zone invested 10.5 billion yuan in updating and upgrading equipment, an increase of 3.31 billion yuan or 43.6 percent over the previous year. The three northeast provinces completed and put into operation 6,268 equipment replacement and technical updating projects, and thus increased the momentum for development enterprises.

The main problems on the capital construction front were that we failed to fundamentally end the situation of long construction periods and poor construction quality.

New progress was made in reforming the building industry. Of the 16,291 construction projects undertaken by the state-owned building enterprises in the three northeast provinces, some 14,848 projects were built under various forms of the contract responsibility system. The contracted construction areas totalled 23.019 million square meters, accounting for 93.8 percent of the total construction areas. The total output value of the state-owned building enterprises in the economic zone reached 10.56 billion yuan, an increase of 23.9 percent over the previous year.

4. Transportation, Posts and Telecommunications

The transportation and posts and telecommunications departments continued to tap potentials in the course of reform and enhanced their transport, posts and telecommunications capacity. In 1986 the transportation and posts and telecommunications departments throughout the economic zone achieved a freight volume of 513 million tons, up 0.2 percent over the previous year. Of this, the railway freight volume reached 320 million tons, up 0.1 percent; that of road freight volume 150 million tons, a decline of 3.4 percent; that of waterway freight volume 652 million tons, up 15.6 percent; and that of air freight volume 11,000 tons, up 41.3 percent. The volume of oil and gas carried through pipelines was 44.71 million tons, a decline of 0.8 percent.

Posts and telecommunications undertakings developed constantly, the installation of telephones in the urban areas and telecommunications capacity were further strengthened. In 1986 the total transactions of posts and telecommunications in the entire economic zone reached 436 million yuan, up 11.5 percent over the previous year.

Although the present strained situation in transportation, posts and telecommunications has been eased, it still falls short of the needs of national economic development.

5. Domestic Commerce

Along with the further deepening of the commercial structural reform, the urban and rural markets in the economic zone were brisk. In 1986 the retail sales of commodities in the Northeast Economic Zone reached 64.91 billion yuan, an increase of 14.5 percent over the previous year. If the rise in the retail prices is factored in, the actual increase was 7.8 percent. Of the total retail sales of commodities, the retail sales of consumer goods reached 56.82 billion yuan, up 13.3 percent over the previous year; and that of agricultural means of production, 5.75 billion yuan, up 38.6 percent over the previous year. Of the total retail sales of consumer goods, the sales of foodstuffs, clothing, and daily necessities showed a fairly big increase. The supply of nonstaple food was better than that of the previous year. Compare the retail sales of major consumer goods to that of the previous year, the sales of pork increased 11.3 percent, that of fresh eggs 51 percent, and that of cigarettes 16.7 percent. The retail sales of aquatic products also slightly increased. The sales of all kinds of cloth dropped by 4.1 percent, bicycles increased 5.8 percent, radio sets and cassette recorders increased by 24.6 percent, television sets dropped by 10.7 percent, household washing machines increased by 17.1 percent, and that of refrigerators 58.9 percent. The contradictions between the supply and demands of commodities on the markets were fairly prominent. The supply of some brand-name and high-grade commodities still could not meet the demands of the consumers. The increase in the purchasing power exerted a hidden pressure on the markets.

6. Foreign Trade and Tourism

New progress was made in foreign trade and economic and technical cooperation. In 1986 the total purchase volume of exported commodities in the three northeast provinces totalled 13.28 billion yuan, up 42.3 percent over the previous year. The volume of imports and exports totalled \$4.8 billion, a decline of 25.5 percent from the previous year. Of this, the volume of imports reached \$630 million, up 12.7 percent, and that of exports \$4.17 billion, a decline of 29.2 percent. Dalian exported \$3.03 billion worth of products. If the export of petroleum products was excluded, some \$1.17 billion worth of products of various categories were exported. If calculated in terms of comparable standards, the increase was 30 percent higher than the previous year. The export of machinery and electric products in particular ended the stagnant situations in the past few years and showed a fairly big increase. The purchase volume of these products increased more than 70 percent over the previous year, which helped to increase foreign exchange earnings by 53 percent.

The tourist industry developed further. In 1986, Liaoning Province received 92,000 tourists from 102 countries and regions, who came to the province for sightseeing, tourism and for engaging in economic and cultural activities. Heilongjiang Province received 52,472 foreigners, overseas Chinese, and our compatriots in Hong Kong and Macao, who came to the province for sightseeing, tourism, visiting their relatives and friends and engaging in economic, scientific, technological, and cultural activities, a 43.7 percent increase over the previous year. Jilin Province received 27,000 tourists from 22 countries and regions, a 35.7 percent increase over the previous year.

7. Finance and Banking

In 1986 financial management was strengthened further, a new step was made in the reform of banking structure, and relatively good results were achieved in expanding financial resources and strictly controlling various spending items. The total revenues of the provinces and region in the Northeast China Economic Zone amounted to 18.24 billion yuan, an 11.7 percent increase over the previous year; and the total expenditures, 20.05 billion yuan, a 21.1 percent increase.

The money market became increasingly brisk day by day. Various kinds of banks actively lent money to each other to develop the savings deposits business and to open various channels for raising funds, thus effecting a relatively big progress in deposit and loan transactions. In 1986, savings deposits of the urban and rural residents in northeast China amounted to 29.27 billion yuan, a 29.5 percent increase over the previous year. The cash income of banks was 90.94 billion yuan, a 10.5 percent increase over the previous year; and cash expenditures, 96.65 billion yuan, an 11.3 percent increase. After balancing the revenues with expenditures, the money put into circulation was 5.71 billion yuan, a 25.5 percent increase over the previous year.

8. Science, Education, and Public Health

Science and technology developed continually and scientific and technological contingent was expanded in the course of carrying out reform. At the end of 1986, 1.061 million natural science professionals and technicians were employed by state-owned units in the three province of Northeast China, an increase of 6,000 or 0.56 percent over the previous year.

The educational undertakings developed steadily. In 1986, institutions of higher learning in Northeast China enrolled 253,000 students, 26,000 more than in the previous year. Secondary specialized schools had a total student body of 212,000, 15,000 more than the previous year. The proportion of technical and professional education in the secondary education as a whole rose to some extent.

Medical and health services improved somewhat. At the end of 1986, the number of hospital beds in the three provinces of Northeast China reached 335,000, 11,000 more than the previous year. Professional health workers numbered 462,000, 12,000 more than the previous year. The total included 165,000 doctors, 3,000 more than the previous year. The patriotic and public health campaign, the prevention and curing of endemic diseases and the maternity and child health work were strengthened; and the level of disease prevention and curing was raised.

9. People's Living Standards

Living standards in both the cities and the countryside further improved. According to a sample survey of the urban and rural residents, the average per-capita income of the urban residents available for living expenses was 772 yuan. When price hikes are considered, the real income increased by 13.6 percent. The per-capita net income of peasants was 465.1 yuan. When price hikes are considered, the real increase was 8.4 percent.

10. Population

According to a sample survey of the three provinces and the region in Northeast China, at the end of 1986, the Northeast China Economic Zone had 104.754 million people, 1.576 million more than the previous year. The natural population growth rate in Liaoning Province was 10.5 per thousand, higher than the 6.5 per thousand in 1985; that in Jilin Province, 13.1 per thousand, higher than the 6.6 per thousand in 1985; and that in Heilongjiang Province, 10.9 per thousand, higher than the 10.3 per thousand in 1985. This mainly resulted from the substantial increase in the number of people at marriage and child-bearing age, and from the readjusted policy on family planning.

/12913

CSO: 4006/681

ANHUI GOVERNOR AT PROVINCIAL PEOPLE'S CONGRESS

OW261440 Hefei Anhui Provincial Service in Mandarin 1100 GMT 24 Apr 87

[Excerpts] The fifth session of the Sixth Anhui Provincial People's Congress held its third plenary meeting this afternoon. At the meeting, after explaining the draft procedures of Anhui Province for implementing the PRC compulsory education law, Vice Governor Wang Houhong reported on the development and tasks of education in our province. The meeting was presided over by Executive Chairman Wei Xinyi.

Among those seated on the platform were Wang Yuzhao, governor; Meng Fulin and Yang Jike, vice governors; Wang Chengle, president of the Provincial Higher People's Court; and Feng Jianhua, chief procurator of the provincial People's Procuratorate. Some NPC deputies of our province and all the members attending the fifth session of the Fifth Anhui Provincial CPPCC Committee were present as observers at today's meeting. Also present as observers at the meeting were personnel of the provincial people's government and responsible persons of organs under some central ministries, organs directly under the provincial government, and colleges in Hefei.

/8309

CSO: 4006/679

GANSU GOVERNOR ON CONSTRUCTION, AGRICULTURAL TASKS

HK230637 Lanzhou Gansu Provincial Service in Mandarin 0330 GMT 23 Apr 87

[Text] In his report to the fifth session of the Sixth Provincial People's Congress, Governor Jia Zhijie announced that Gansu's capital construction, upgrading, and transformation work will reach new levels during the Seventh 5-Year Plan.

He said: In agriculture, centered on grain production, we must focus on stepping up water conservancy construction. We will construct backbone projects such as the (Jingbian) No 2 channel, the (Xinguzichuan) electrical irrigation project, and the Qita electrical irrigation project, revive the project to draw water from the (DA) River into the (Qin) River, complete the coordinated construction of the (Bajiabi) electrical irrigation project, and complete the work of strengthening and expanding large reservoirs such as the (Yinggeshui) and (Dang He).

In energy, we will focus on electric power construction and speed up the exploitation of coal resources. We should get a good grasp of construction of the Jingyuan power plant and Lanzhou No 2 thermal power plant and the technological transformation of the (Hexifu) thermal power plant and (Batanxia) hydroelectric station. We will install new generating capacity totalling 550,000 to 750,000 kilowatts and basically complete the power transmission projects of the Longyangxia and Jingyuan power plants.

In communications and posts and telecommunications, we will improve railroads and build new ones, focus on developing road transport, and also step up construction for civil aviation and waterway transport. We will strive to improve the telecommunications facilities of key cities.

In the raw materials industries, we will take full advantage of the province's strong points in resources of nonferrous metals, chemicals, and building materials, and follow the path of upgrading their processing, to turn strong points in resources into economic strong points. The province will complete key technological transformation projects at the Jiuquan and Lanzhou steel plants, forming a comprehensive production capacity there of 880,000 tons of pig iron, 870,000 tons of steel, and 750,000 tons of rolled steel. The province will construct the Nos 3 and 4 workshops of the northwest alloy plant, raising silicon ion production capacity there to 170,000 tons.

In the consumer goods industries, while continuing to take advantage of our strong point in the woolen textile industry, we will vigorously develop the foodstuff and consumer durables industries, and make big efforts to improve quality and increase variety.

In science and education, the province will construct the Lanzhou heavy ion accelerator, the Gansu political and legal college, Tianshui mechanical college, the comprehensive building of Gansu broadcast university, the provincial Chinese medicine college and its affiliated hospital, and Lanzhou sports stadium, we will complete the agriculture university's [words indistinct], and construct the Gansu education college, the nationalities teacher training college, and the provincial infants teacher training school, and prepare for the construction of the nonferrous metals specialized school, the veterinary college of the agricultural university, the forestry college, and the provincial physical culture school.

Governor Jia Zhijie said: The draft Seventh 5-Year Plan assigns grain production the primary position in economic work. He said: In light of the grain consumption requirements during the period of the plan, and the possibilities in grain production, the plan stipulates that grain production must reach 6.25 billion kg by 1990, and efforts should be made to reach 6.5 billion kg. It will be very difficult to achieve this goal, and hard work will be required. We must take practical and effective measures.

Governor Jia Zhijie said: The main way to develop grain production during the Seventh 5-Year Plan is to stabilize the sown area, increase investment, and focus efforts on improving yields and total output. We should get a particularly good grasp of the following cardinal links:

1. Strengthen land management and ensure the sown area of grain. We must strictly control the non-agricultural use of land. Industrial crops can only be developed under the premise of ensuring a steady increase in grain output. We must reverse the tendency of decline in grain land, including the multiple-cropping factor, and ensure that the grain area is stabilized at a figure of more than 42 million mu.
2. Get a good grasp of building the Hexi marketable grain base and other small marketable grain bases. Such bases must focus on grain cultivation and strive to raise their commodity rate. Output of marketable grain in Gansu should reach 1.2 billion kg by 1990.
3. Vigorously popularize the use of plastic sheeting to cover grain crops. The area of grain on which this is applied should increase by an average of 300,000 mu a year during the Seventh 5-Year Plan, to reach 1.6 million mu by 1990.
4. Extensively practice scientific cultivation.
5. Get a good grasp of agricultural water conservancy construction.

6. Increase investment in agriculture. During the last 3 years of the Seventh 5-Year Plan the province will invest 60 million yuan. It will also divert 30 million mu from spending on planting trees and grass to be spent instead on developing grain production.

7. All sectors and trades must support agriculture. It is essential to do a good job in arranging production of chemical fertilizer, plastic sheeting, pesticide, and farm machines and tools. We must ensure the supply of high-quality materials for agricultural production.

8. Continue to deepen the rural reforms. We must fully implement the grain purchase contract system and the reward policy, clear the circulation channels, and thus mobilize the peasants' enthusiasm to grow and sell grain.

Jia Zhijie also said: Under the premise of ensuring steady growth in grain production, the province must actively promote diversification. We must continue to plant grass and trees during the Seventh 5-Year Plan, integrate ecological and economic results, and give prominence to economic results. We must integrate sowing grass with raising livestock. The pastoral and agricultural areas should develop together, and both large and small livestock should be raised. We should achieve synchronous development of crop cultivation, livestock-raising, and processing. We should readjust the mix of the herds, increase the proportion of female stock, speed up the improvement of livestock strains, and increase the marketing and commodity rates. We must also develop sugarbeet and oil-bearing crops in a planned way, stabilize cotton and hemp production, improve the quality of tobacco and medicinal herbs, and further develop production of cucurbit and fruit and of fisheries. We must strengthen, improve the work of preserving fresh produce, and of its storage, transport, and sales.

We must persistently regard the development of township and town enterprises as a breakthrough point in invigorating the rural economy. Under the premise of making rational arrangements, providing correct guidance and active support, and ensuring improved standards, we should promote vigorous development of these enterprises. Their total output value should reach 5 billion yuan by 1990, rising at an annual average of 24.2 percent.

In the development of the township and town enterprises, we should promote a variety of methods such as having them run by townships, towns, villages, combinations of households, and single households. We should also develop township and village cooperative enterprises, with the focus on enterprises run by combinations of households and single households. Private enterprises are allowed to hire labor and technicians. Mutual investment in the economy under different ownership systems is permitted with the practice of the joint stock system.

We should further perfect the economic contract responsibility system and continue to practice the favored treatment policies.

In developing township and town enterprises, the focus should be on raising capital among the masses, and a variety of channels should be adopted to raise capital. We should encourage and support scientists, technicians, and management personnel of state-owned enterprises, scientific research units, and tertiary education institutes to run or set up township and town enterprises, or else to spend their days off imparting technical knowledge and helping with work at these enterprises. They should receive rational remuneration for this.

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CSO: 4006/679

GANSU GOVERNOR STRESSES IMPROVING ECONOMIC RESULTS

HK250321 Lanzhou Gansu Provincial Service in Mandarin 0330 GMT 24 Apr 87

[Text] In his report to the provincial people's congress session, Governor Jia Zhijie stressed that during the Seventh 5-Year Plan the province will center its efforts on improving economic results, work hard to increase production and practice economy, and maintain long-term stable growth in the economy.

Jia Zhijie said: During the period of the plan, we should work hard to improve economic results not only in the cardinal links in production but also in construction, circulation, and social development. First, we must intensify the targets set in improving economic results. Such targets should be regarded as mandatory plans and their performance examined accordingly. We must strengthen the supervision and inspection system, and formulate and perfect a system for setting economic results targets in each sector and department. In conjunction with the work of upgrading the enterprises, we should also grasp enterprise consolidation, improve management, and obtain economic results from improved management.

Second, we must work hard to improve product quality. The industrial enterprises are to practice the system of determining qualifications and the licensing system; products that are not up to the mark may not leave the plant or be counted in output value. Ninety percent of the major industrial products should show a steady improvement in quality each year, while the proportion of fine quality products should rise by 5 percent each year.

In agriculture, we must focus on improving the quality and commodity rate of agricultural and animal products. High prices should be paid for fine quality.

Third, we should gradually readjust the product mix in line with changes in the markets, and increase the output of industrial products and agricultural and sideline products that have a ready market. We should also vigorously develop new products and varieties. We should expand and improve coverage of the province's markets by the province's own products. While doing a good job in normal supplies, the circulation departments such as commerce, foreign trade, and food should do everything possible to expand procurement and shipment of products in short supply, improve the commodity stock mix, open up new markets, boost sales, and expand the domestic and foreign markets for Gansu's fine-quality products.

Fourth, we must vigorously improve the economic results of investment. When examining and deciding on capital construction and technological transformation projects, we must first consider the investment results and the input: output ratio. We must ensure that the designs are strictly adhered to. We must oppose large and complete, or small but complete, and blind pursuit of high targets. We must cut waste, reduce the construction cycle, and improve construction efficiency. After a project is complete, a deadline must be set for putting it into production.

Fifth, we must reform the distribution system and ensure that distribution produces good economic results. We must continue to link the total wage bill to profit and tax delivery to the state, practice the system of contracts regarding the composition of wages per hundred yuan in output value, and practice flexibility in wages and bonus payments while keeping the total amount fixed, so as to promote improvements in economic results.

Sixth, we must focus on improving economic results in planning our science and technology undertakings. We must focus on social benefit [shehui xiaoyi] in arranging education and other undertakings.

In his report, Governor Jia Zhijie pointed out that the size of investment in fixed assets is directly related to the steady growth of the economy during the Seventh 5-Year Plan and to the readjustment of the production structure. It is also related to the reserve strength for economic development during the Eighth 5-Year Plan and even beyond. It is [a] major question in the Seventh 5-Year Plan.

Jia Zhijie therefore proposed that during the period of the plan the principle for arranging investment in fixed assets should be: To ensure the final stages and touches of completed projects; to ensure the construction of key projects; to strictly control new construction; to cut investment in non-productive construction; to pay attention to the rational pattern of the productive forces; and to strictly act in accordance with the procedures for managing investment.

In line with this principle, the main orientation for readjusting investment structure during the Seventh 5-Year Plan is as follows: 1) Step up the technological transformation and the modification and expansion of existing enterprises. 2) Increase investment in agriculture, energy, communications, local industry, science and education, and commerce and circulation. 3) Control non-productive construction, especially the construction of large buildings, halls, centers, and so on, except for tourist facilities. We must maintain an appropriate proportion in [word indistinct] construction and develop it steadily. 4) Regarding the local distribution of investment, selections should be made in light of local natural resource conditions and development needs. During the Seventh 5-Year Plan each area should have one or two backbone projects that lead forward local economic and social development.

Jia Zhijie said: In managing investment in fixed assets during the Seventh 5-Year Plan, we must focus on grasping four matters: 1) In accordance with the central guideline of ensuring three kinds of projects and cutting [word indistinct] kinds, we must ensure that key construction projects go into production and play their part on schedule. We must change the present situation of

an overstretched capital construction front with too many projects being [phrase indistinct] project costs, economize materials, reduce management costs, and economize investment. Cases of cost overruns should be resolved through cutting down on single parts of a project; people should not present the bill when the whole project is completed, as a fait accompli. 3) Raise investment capital through a variety of channels, such as issuing bonds and stocks in a planned way. 4) Investment in upgrading and transformation should give priority to meeting the needs of backbone enterprises that play a demonstration and leading role in technological progress, and enterprises that earn foreign exchange from exports. We should reduce the proportion of investment in projects requiring external assistance in expanded reproduction, and raise the input:output ratio.

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CS0: 4006/679

GANSU GOVERNOR ON TECHNOLOGY, POOR AREAS, ECONOMIC REFORMS

HK260615 Lanzhou Gansu Provincial Service in Mandarin 0330 GMT 26 Apr 87

[Excerpts] In his report to the fifth session of the Sixth Gansu Provincial People's Congress, Governor Jia Zhijie stressed vigorously developing science and technology and education and building the province's economic development on the foundation of the progress of science and technology and the exploitation of brain-power.

He said: During the Seventh 5-Year Plan, in developing science and technology Gansu will focus on popularizing and applying the fruits of science and technology and tackling difficult problems in science and technology. In popularizing the fruits of science and technology, we will focus on 10 aspects including technology for high yields in agricultural crops, grass and trees, the development of fine-strain livestock, and stockbreeding technology. We will popularize 10 items of technology which are key state items or else items transferred from the military to the civilian sector. We will vigorously implement the spark plan and the prairie fire plan, to bring science and technology to the rural areas.

The focal points in developing education in the province during the Seventh 5-Year Plan will be primary education and vocational and technical education. Universal primary education should be in force in 44 counties by 1990, while the number of students enrolled in all vocational and technical schools should be the same as that in ordinary senior secondary schools. The number of secondary technical schools should increase to 123.

Governor Jia Zhijie said in his report: The average net income of people in old revolutionary bases, minority-nationality areas, and remote and poor areas should exceed 300 yuan by 1990, and there should be over 300 kg of grain available per person there. To attain this goal, we must make capital available to these poor areas during the Seventh 5-Year Plan, and also look after them when arranging loans. These districts should be exempt from agricultural tax, product tax, or business tax, according to their circumstances. We should also build in a planned way a number of developmental projects that will play a key role in extricating these areas from poverty and making them rich.

We should organize areas where conditions are relatively good, cities, and large and medium enterprises to provide counterpart support for these areas and adopt various measures to assist them with science and technology and in talent, capital, and material, to strengthen their vitality for economic development.

Jia Zhijie said: Gansu's economic structural reform during the Seventh 5-Year Plan will mainly focus on the following three aspects: 1) invigorating the enterprises, especially the large and medium enterprises owned by the whole people; 2) gradually perfecting the socialist marketing setup; and 3) improving macroeconomic control. The core of these three aspects lies in invigorating the enterprises. The following are the core tasks in the reforms:

1. Establish and put on a sound basis an enterprise operational structure integrating responsibilities, powers, and interests. Apart from continuing to delegate to the enterprises the powers they should have, in those enterprises practicing the manager responsibility system we should institute the system of setting targets to be met during a manager's term of office, together with the corresponding systems of examination, reward, and penalty. We should establish and put on a sound basis the internal accounting system of enterprises, together with accounting centers and the internal economic contract system. In this way the enterprises will become relatively independent economic entities responsible for their own profit and loss.
2. Vigorously develop lateral economic ties. On the basis of voluntariness and mutual benefit, we should organize diffusion of production, cooperation in specialized projects, technological transfer and [word indistinct] to break down the boundaries between different ownership systems, districts, and departments, and develop joint economic organizations. We should gradually set up a number of competitive enterprise consortia and groups of different sizes, each with its own characteristics. Large-scale joint industrial enterprises and capital construction group projects that have a decisive effect on the economy of the whole province should be given separate listing in the plans.
3. Open up and establish the capital market in a planned way and do a good job in managing and using the various forms of capital in society.
4. Further open up and develop capital goods markets.
5. Reform the enterprise wages system. We must seriously implement the State Council's regulations on reforming the labor system. Within the range of the total wage increase stipulated by the state, the enterprises can decide for themselves the forms and methods to be used in internal distribution. Enterprises with outstanding economic results can link total wages to the increase in labor productivity, thus stimulating the enthusiasm of the workers.
6. Improve and strengthen macroeconomic control. The government will gradually switch from mainly direct to mainly indirect control of the enterprises. The scope of mandatory planning will be further reduced, and the scope of guidance planning and regulation by market mechanism will be expanded.

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CSO: 4006/679

GANSU PLANNING CHIEF DISCUSSES TASKS, PROBLEMS

HK230425 Lanzhou Gansu Provincial Service in Mandarin 2200 GMT 22 Apr 87

[Text] Li Ping, director of the Provincial Planning Commission, has delivered a report to the fifth session of the Sixth Provincial People's Congress on the province's performance in the economic and social development plan for 1986 and on the draft economic and social development plan for 1987. He pointed out: The province's economic situation last year was good. However, there are also a number of problems on our advance.

The main problems are as follows: Agriculture is suffering serious drought, and the task of combating natural disasters is extremely arduous; there is a shortage of electric power and raw materials in industry; quite a number of enterprises produce low-quality products at high input consumption and production costs, yielding poor economic results; the product mix is unable to meet the changes in supply and demand, and stockpiles have increased; although investment in fixed assets has now been brought within the control figure allocated by the state. The capital construction front is long, too many projects are being built, and economic results are poor--these problems have still not been fundamentally resolved; management of capital is decentralized, and a major contradiction is that there is not enough investment for certain key projects. Macroeconomic control over the comprehensive balance of the national economy requires further strengthening and improvement.

On the planning arrangements and the main tasks for 1987, Li Ping said: Total social output value of the province this year should reach 27.49 billion yuan, an increase of 8 percent over last year. Industrial and agricultural output value should reach 18.53 billion yuan, a rise of 6.6 percent.

Li Ping also mentioned: This year the ordinary tertiary institutes under the provincial authorities will enroll a total of 5,325 students, while secondary technical schools will enroll 16,600.

The average net peasant income this year should reach 301 yuan, a net increase of 10.3 percent over last year. Average real wages of workers should grow by 2 percent.

Li Ping said: The plan for this year assigns agriculture an important strategic position. Grain production should reach 5.75 million tons.

The draft plan for the year also regards the drive to increase production and practice economy and increase revenue and cut spending as an important content, and assigns a core position to improving economic results. The province must also cut investment in fixed assets by 47 million yuan.

Li Ping also spoke on implementing the spark plan, readjusting and simplifying the education structure, and producing better results and turning out talented people faster. He also spoke on measures for speeding up the reform of the planning setup.

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CSO: 4006/681

GANSU DEPUTIES REVISE JIA ZHIJIE WORK REPORT

HK290241 Lanzhou Gansu Provincial Service in Mandarin 2200 GMT 28 Apr 87

[Text] In accordance with the views and suggestions proposed by the deputies to the fifth session of the Sixth Provincial People's Congress, the Provincial Government has revised Governor Jia Zhijie's report on the province's Seventh 5-Year Plan.

The main revisions are as follows: In the guiding ideas on the Seventh 5-Year Plan, prominence is to be given to consistently upholding the four cardinal principles, resolutely opposing bourgeois liberalization, and strengthening the building of socialist material and spiritual civilization. In the main measures for fulfilling the Seventh 5-Year Plan, parts have been added on setting up special organs for land management, and detailed regulations for implementing the land law have been drawn up. In view of the fact that water conservancy facilities have been damaged in some places, a portion has been added to the report calling for the construction of some new projects on the basis of improving the maintenance and completion of existing projects and making full use of them.

The revised draft specifically stresses the importance of strengthening leadership over agriculture, improving the building of the township and village grass roots, and improving the quality of the cadres.

Regarding the work for this year, the revised draft contains amendments regarding prices, social order, and the improvement of work style. On prices, the revised draft adds that it is necessary to adhere to the principle of integrating readjustments with lifting restrictions and making steady progress. The general price increase rate this year should be strictly kept below last year's increase rate. Price controls must be strengthened, and indiscriminate imposition of fees and hiking of prices, disguised price hikes, and behaviors that seriously harms consumers' interests must be strictly banned.

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CSO: 4006/680

GUANGXI REPORTS FIRST QUARTER ECONOMIC ACHIEVEMENTS

HK240753 Nanning Guangxi Regional Service in Mandarin 0930 GMT 21 Apr 87

[Excerpts] According to statistical data compiled by the autonomous regional statistics bureau, during the first quarter of this year, our regional economic development successfully gained momentum, both the state and the peasants increased their agricultural input, our regional industrial production developed at a relatively high speed, there was brisk buying and selling, and our region also achieved good results in foreign trade.

The sample surveys made by our autonomous regional fact-finding teams in the rural areas show that on the basis of last year's achievement in increasing the whole region's acreage under grain by 1,245,000 mu, a further increase in this regard is attainable this year. This year the acreage under improved varieties of early rice and corn will be increased by 40 to 50 percent as compared with last year, and this year's farm manure output will be increased by over 20 percent as compared with last year.

This year the commercial and supply and marketing departments in our region have actively organized the supply of means of production for agricultural purposes. Orders for chemical fertilizers and farm chemicals that were placed during the first quarter of this year respectively increased by 30 percent and 175 percent as compared with the same period last year. By the end of March this year, the volumes of chemical fertilizers and farm chemicals purchased by the peasants from the commercial and supply and marketing departments respectively increased by 92.3 percent and 72.3 percent as compared with the same period last year. During the first quarter of this year, the total amount of loans extended to agricultural collectives and peasant households by banking institutions in our region increased by [phrase indistinct].

As for industrial production, the whole region's total industrial output value in the first quarter of this year increased by 19.2 percent as compared with the same period last year.

The whole region's industrial growth rate in the first quarter of this year surpassed the average national level in this regard. In addition, since this year, there have been brisk buying and selling in our region. During the first quarter of this year, the whole region's total volume of retail sales reached

3,217 million yuan, an increase of 17.4 percent as compared with the same period last year; and the whole region's total foreign-trade export volume increased by 62.1 percent as compared with the same period last year.

Judging from the above-mentioned conditions, we can see that the main trend in our regional economic development during the first quarter of this year has been good. However, we must soberly note the existence of a number of problems and unfavorable factors in the course of the development. For example, during the first quarter of this year, our region had poor climatic conditions and was afflicted with a severe drought, and enterprises in our region suffered a shortage of electric power. Leaders at all levels and relevant departments must conscientiously implement policies and adopt practical measures to solve such problems, and must also strive to achieve comprehensive and steady economic growth this year.

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CSO: 4006/679

GUIZHOU CONVERTS WAR INDUSTRY TO CIVILIAN USE

HK170616 Hong Kong ZHONGGUO XINWEN SHE in Chinese 0211 GMT 15 May 87

[Report: "The National Defense Industry of Guizhou Province is Being Converted into Civilian Industry"]

[Text] Guiyang, 15 May (ZHONGGUO XINWEN SHE)--Guizhou's national defense industry will be included in the province's unified plan for readjusting the industrial structure in order to give full play to the potentials and strong points of this industry's enterprises.

This was announced by Guizhou Governor Wang Chaowen at the Fifth Session of the Sixth People's Congress of Guizhou Province held here several days ago.

In the late 1960's and early 1970's, the state invested heavily in Guizhou, thus setting up a preliminary basis of the three major national defense scientific and technological industries--the astronautic, electronic, and aeronautic industries--together with a large number of backbone enterprises related to these industries. In the past few years, these enterprises have been shifting to the integration of military industries with civilian industries, with civilian industries as the dominant factor. The percentage of output value of civilian products in the gross output value has also gradually increased with each passing year. It was only 23.5 percent in 1984 and it reached 55.8 percent in 1986. It is expected to reach about 70 percent this year.

Guizhou's national defense industry covers various categories, has powerful technological resources, and has advanced equipment. Among the civilian products that can and will be produced in batch process are crucial equipment of heavy-ion accelerators and electron-positron colliding devices, basic components of hydraulic equipment, injection molding machines, light trucks, satellite television reception devices, household refrigerators, television sets, program-control exchangers, integrated circuits, and so on.

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CSO: 4006/654

HUBEI GOVERNOR'S WORK REPORT TO CONGRESS SESSION

HK280805 Wuhan Hubei Provincial Service in Mandarin 0900 GMT 26 Apr 87

[Text] In his report on the work of the government delivered at the fifth session of the Sixth Provincial People's Congress [on 25 April], provincial Governor Guo Zhenqian talked about last year's political and economic situation in our province, saying: The year 1986 was the first year for implementing the Seventh 5-Year Plan and was also a year in which our province continued marching triumphantly along the socialist road to build socialism with Chinese characteristics.

He said: The whole province's gross value of social products last year increased by 9 percent as compared with 1985; its total industrial-agricultural output value last year increased by 9 percent as compared with 1985, its national income [guo min shou ru] last year increased by 5.3 percent as compared with 1985, and its financial revenue last year increased by 8.24 percent as compared with 1985. In 1986, we further aroused the enthusiasm of the peasants throughout the province for production, thus conquering natural disasters and winning bumper harvests. The province's total grain output last year increased by 4 percent as compared with 1985, thus topping the highest level in history. Due to an excessive decrease in the acreage under cotton, the province's cotton output last year dropped 10.8 percent as compared with 1985. The province's total output of oil-bearing crops last year increased by 12.2 percent as compared with 1985. Hubei's total agricultural output value last year, excluding the industrial [as heard?] output value produced by units at and below village level, increased by 3.5 percent as compared with 1985. With the steady and coordinated development of industrial production and the substantial increase in the output of marketable products, the province's total industrial output value last year increased by 10.9 percent as compared with 1985. As to the domestic commerce, the province's total volume of retail sales last year increased by 6.4 percent as compared with 1985. As for foreign trade, the province's foreign exchange earnings from exports last year reached \$726 million, an increase of 37 percent as compared with 1985, thus topping the highest level in history. As regards nontrade foreign exchange earnings, the province's foreign exchange income from tourism last year reached more than \$10 million, an increase of 15.7 percent as compared with 1985. With the development of production, the living standards of urban and rural people throughout the province have continued to rise. According to sample surveys of urban and rural households, adjusted for price rises, the per-capita net income of our peasants last year went up by 2.5 percent as

compared with 1985; adjusted for price rises, our urban and rural residents' 1986 income that can be used as living expenses increased by 13.3 percent as compared with 1985.

In his report, Governor Guo Zhenqian also said: Areas throughout the province have strengthened education in upholding the four cardinal principles, conscientiously promoted the ideological and political work, continued the in-depth launching of the activities of promoting five stresses, four beauties, and three loves, and of establishing civilized units; spread the experiences gained by a number of advanced units, and inspired the vast numbers of cadres and people to make more contributions to the four modernizations. At the same time, they have adopted measures to resolutely check and eliminate some serious corrupt phenomena [fu bai xian xiang], and continued to act in accordance with the central authorities' plan for cracking down on serious criminal offenses and serious economic crimes, thus enabling public order to take a distinctly favorable turn. All our departments of science, technology, education, culture, information, publications, radio, television, public health, and physical culture and sports have actively carried out their work and played important roles in promoting the building of the two civilizations. With the strengthening the building of the two civilizations, we have further promoted the development of the political situation of stability and unity in our province.

In his report, Governor Guo Zhenqian stressed: We must firmly cultivate the ideology of regarding agriculture as the foundation, conscientiously promote grain and cotton production, and win all-around agricultural bumper harvests this year.

Guo Zhenqian said: Achieving sustained and steady development of agriculture is of extreme importance to the overall steady development of our national economy. In launching the "double increase and double economy" campaign, we must give prominence to agriculture, avoid slackening in the slightest degree our efforts to promote grain production, actively develop diversified economy, take the deepening of reform and achieving increase in input as the points of departure, strive to increase the reserve strength of agricultural development, and promote overall rural economic growth. Grain and cotton production tasks are our province's key agricultural tasks. To promote agricultural production, we must give priority to ensuring a steady increase in our grain and cotton production output. We plan to have a total grain output of 23.5 million tons this year, an increase of 450,000 tons as compared with 1986.

We must put an end to the downward trend of cotton production, and fulfill the state's fixed quotas for purchasing 444,000 tons of cotton. We must continue improving the contractual system of fixed quotas for purchasing and concentrate our efforts on fulfilling contractual fixed quotas for purchasing. While continuing to give full play to the superiority of grain and cotton production, we must energetically develop diversified economy and bring about still greater development of farming, animal husbandry, sideline production, and fishery. We must tap the potentials of rural natural resources and labor resources, speed up the development of town-and-township enterprises, fulfill this year's plan for achieving an output value of 19 billion yuan on the basis

of increasing economic results, keep up the simultaneous turning of the five wheels [lun zi], and put the stress on successfully promoting village-run enterprises. We must constantly increase the input of materials and technology, increase the reserve strength of agriculture, strengthen the construction of water conservancy works, pay close attention to protecting cultivated land, and promote concrete implementation of our "spark program." We must continue to promote the economic development of old revolutionary base areas and poor areas. Promoting this economic development is our long-term strategic task. We must firmly establish the ideology of fighting natural calamities to win bumper harvests, successfully make preparations against all types of natural calamities including drought, excessive rain, plant diseases and insect pests, strive to achieve the kind of preparedness that averts peril, and try in every possible way to win all-around agricultural bumper harvests.

Referring to industrial production in his report on the work of the government, Governor Guo Zhenqian said: We must strive to improve economic results, and increase industrial output and revenue.

According to Comrade Guo Zhenqian, the general demands on this year's industrial production are: output must be increased by 10 percent; all enterprises must reduce their material consumption by 2 percent; both the enterprise management cost and the workshop management cost must be reduced by 10 percent; and units at all levels must set targets of increasing production and practicing economy for all their subordinate enterprises and workshops, link such targets with wages and bonuses, and ensure the implementation of measures for increasing production and practicing economy.

Comrade Guo Zhenqian noted: Maintaining a proper economic growth rate during the "double increase and double economy" campaign is of great importance to improving economic results, ensuring financial revenue, improving market supply, and stabilizing socio-economic life [she hui jing ji sheng huo]. All areas and departments, especially large and medium-sized cities, must strengthen the work of organizing, managing, and coordinating the production circulation channels, vigorously improve weak links, and ensure steady industrial production growth. We must energetically increase the output of marketable products. This year, we must continue increasing the output of 250 types of marketable products, develop 2,500 types of new products, restrict the output of 52 types of unmarketable products, and regard the improvement of product quality as the most important task for industrial production work. This year we must strive to ensure that over 80 percent of our key industrial products will achieve steady quality improvements. This year we must also create 530 types of (?provincial-level) fine-quality products [sheng you chan pin] and ensure that 22 percent of the province's industrial products will be fine-quality products. Quickening the pace of technological progress is an important way to increase production and revenue. This year we must successfully stress promoting technological transformation for our light, textile, engineering, metallurgical, and chemical industries, enable our large and medium-sized enterprises to successfully make technological progress, vigorously promote the work of saving energy resources, cutting down on material consumption, reducing expenses, and turning from deficits to profits; and strive to attain the set targets of practicing economy. We must uphold

the principle of paying equal attention to broadening sources of income and reducing expenditure, and rationally arrange and use electric power, goods, materials, and funds for the purpose of giving full play to their beneficial results. We must firmly establish the ideology of giving first place to safety in production, and set up the responsibility system for safety in production to ensure the personal safety of our workers and staff members and smooth progress of our production work.

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CS0: 4006/680

HUBEI GOVERNOR ON REFORM, ECONOMIC WORK

HK291015 Wuhan Hubei Provincial Service in Mandarin 0900 GMT 27 Apr 87

[Text] In his government work report delivered at the fifth session of the Sixth Provincial People's Congress [on 25 April], provincial Governor Guo Zhenqian called for upholding the policy on reform, opening up, and reinvigoration, and deepening the structural reform of urban and rural economic setups.

He put forward the following four concrete tasks for conducting structural reform of urban and rural economic setups in our province this year:

First, it is imperative to deepen enterprise reform, further strengthen enterprise vitality, and put special stress on reinvigorating large and medium-sized enterprises under ownership by the whole people. In promoting reform, we must put the stress on improving enterprises management mechanism, and conscientiously implement many and varied types of management responsibility systems. Fundamentally speaking, we must act in accordance with the principle of separating ownership and management; combine responsibility, authority, and benefit; make sure that enterprise managers and producers are truly provided with the combination of responsibility, authority, and benefit; and enable enterprises to veritably become relatively independent economic entities that can manage independently and assume sole responsibility for profits and losses. We must popularize the system by which the factory director or manager assumes full responsibility, continue reform in the labor employment system, improve distribution systems within enterprises, and energetically promote horizontal economic ties between enterprises.

Second, it is imperative to deepen rural reforms. The frameworks in our province's new rural economic setups have basically taken shape. This year we must continue to successfully promote the auxiliary work of improving the frameworks. Perfecting two-tiered management and stabilizing the contracted forestry production system are the party's unshakable rural policies and must be promoted as our long-term basic work. Village-level cooperative organizations must make organizational improvements as quickly as possible and give full play to their functions of providing production services, promoting management and coordination, and accumulating assets. They must actively serve the peasant households and encourage the peasants to develop, on the premise of putting the stress on public ownership, multiple economic sectors,

diverse economic undertakings, multilayer economic associations, and socialized services. As regards all rural households engaged in specialized undertakings on their own, and all rural individual operators, we must implement long-term and stable policies toward them, and protect their legitimate operations and their legitimate rights and interests.

Third, it is imperative to center on establishing and developing money markets and deepening the structural reform of financial setups. At present, we must put the stress on promoting the following fields: 1) We must strengthen and improve the central bank's function of exercising macro control; strengthen promoting coordination between specialized banks and auditing specialized banks' accounts; effectively use different methods for the accommodation of funds; open up different types of credit operations; actively reform the interest rates system; and energetically develop urban and rural insurance operations. 2) We must establish three-level markets for callable short-term loans, namely, the county-level, the prefectural-level and the key city-level markets. 3) We must actively and securely promote the work of issuing bonds and the experimental issuance of stocks in a few collective enterprises. 4) We must develop urban credit cooperatives, strengthen and develop rural credit cooperatives, and correctly guide our trust and investment organizations and our urban and rural nongovernmental credit organizations to run experimental financial institutions for serving enterprises and groups. 5) We must conditionally promote the work of running specialized banks and other financial institutions as enterprises, and gradually expand and perfect internal foreign exchange markets.

Fourth, while putting the stress on the development of rolled steel markets, we must strive to expand markets for the means of production. Regarding markets for the means of production, we must strengthen market management, maintain market order, and prevent the practice of reselling at a profit and the practice of stealing and selling public property.

In his report on the work of the government at the fifth session of the Sixth Provincial People's Congress, provincial Governor Guo Zhenqian noted: We must carry forward the spirit of plain living and hard struggle and of building up the country with industry and thrift, and conscientiously promote practicing economy and reducing expenditure.

Comrade Guo Zhenqian said: The key to practicing economy and reducing expenditure lies in compressing the excessively inflated extrabudgetary investment scale, cutting down excessively high nonproductive expenses, lowering the demand on high consumption, and easing up the contradiction of the overall social supply falling short of the overall social demand. To ensure long-term steady development of our national economy, it is imperative to pay attention to the following points: 1) We must broaden sources of income and reduce expenditure, keep expenditures within the limits of our income, and strive to achieve overall fiscal balance. General arrangements for this year's expenditures are aimed at ensuring enough food for the people, an increase in the reserve strength for agricultural development, construction of key projects such as energy, communications, and raw and processed materials, and the indispensable funds for scientific, educational, cultural, and public health undertakings. As regards other types of expenditure, we

must do what we are capable of [liang li er wei] and lead a frugal life [guo jin ri zi]. 2) We must resolutely compress our fixed capital investment scale, and rationally readjust our investment structures. We must be determined to compress the overheated investment atmosphere, stop or postpone construction of a number of nonproductive and general processing industrial projects, concentrate our limited financial and material resources to ensure construction of the key projects such as energy, communications, and raw and processed materials, and increase the reserve strength for economic development. 3) We must correctly guide the people's consumption, and strictly control group consumption. The premature consumption phenomena that have emerged over the past few years exceed the current level of our economic development. These phenomena not only aggravate the contradiction between our overall social supply demand but also corrupt social values. Therefore, we must strictly control the growth of consumption funds and group consumption; spread among the masses the spirit of plain living and hard struggle, and of building up the country and managing households with industry and thrift; and correctly guide and readjust the people's consumption demands and patterns.

In his government work report, provincial Governor Guo Zhenqian said: We must reinvigorate the channels for commodity circulation, and enable our urban and rural markets to become brisk and our prices to remain basically stable.

Referring to the reinvigoration of commodity circulation channels, Comrade Guo Zhenqian said: The current overstocking of many commodities not only involves problems in producing unmarketable products but also involves the failure to fully reinvigorate commodity circulation channels. State-operated commerce and supply and marketing cooperatives must continue to give full play to their role in being the major commodity circulation channels, promote sales through multiple forms and channels, and establish and improve the responsibility system of contracted sales and marketing operations. At the same time, they must develop commercial agency and wholesale operations, promote sales ties between factories and shops, provide labor services for industrial enterprises, and further reinvigorate commerce. They must also actively run experimental group wholesale enterprises that transcend the barriers between regions, departments, ownerships; develop joint and associated operations between industrial and commercial units, between agricultural and commercial units, and among agricultural, industrial, and commercial units; increase the number of commodity circulation channels; continue to encourage and assist the peasants in entering commodity circulation channels, operating commodities exchange, and developing specialized households engaged in the commodities distribution, peasants' collectively managed commercial enterprises, and peasants' commercial enterprises run in partnership.

Referring to commodity prices, Comrade Guo Zhenqian said: This year we must strive to bring the upswing the general level of retail prices under the control of the state plan. During the process of reforming commodity prices, we must deregulate those prices that should be deregulated, and strictly control those prices that should be strictly controlled. We must make sure that the rise in commodity prices must be lower than the rise in the broad masses of the people's income, for the purpose of raising their real standard of living to some extent. This year, with the exception of the prices of a very few commodities that must be readjusted or deregulated in accordance with

state stipulations, all other commodity prices will remain basically unchanged. We must resolutely check the practices of arbitrarily collecting fees, raising commodity prices, and raising commodity prices in a disguised form during the reform of commodity prices. We must resolutely check and handle according to the law all fraudulent business practices, shopkeepers' strikes [ba shi], reselling commodities at a profit, and inflating commodity prices. We welcome efforts made by the broad masses of the people of strengthen commodity prices supervision and to do a still better job of safeguarding consumers' interests.

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CS0: 4006/680

HUBEI GOVERNOR DISCUSSES ENTERPRISE REFORM

HK170832 Wuhan Hubei Provincial Service in Mandarin 0900 GMT 15 May 87

[Text] Yesterday, at a provincial forum on the contracted management responsibility system, Governor Guo Zhenqian delivered a summation speech. He emphatically pointed out: The central leadership has decided to institute the contracted management responsibility system and that it is imperative. We must deepen our understanding and be resolved to institute the system. This is the focal point of the province's economic work for this year as well as an important issue. The contracted management responsibility system is being instituted at a slow, not quick, pace in the province. Not many, but only few, enterprises have instituted the contracted management responsibility system. On this important issue, all areas and departments must not hesitate at the crossroads and take a wait-and-see attitude, but must make the determination and act swiftly to accelerate the pace of implementing the contracted management responsibility system.

Guo Zhenqian pointed out: In promoting the contracted management responsibility system, attention must be paid to the following principles:

1. It is necessary to ensure a steady increase in the state's financial revenue. This is one of the important objectives for instituting the contracted management responsibility system and an important issue concerning the overall situation.
2. It is necessary to maintain enterprises' reserve force so that the enterprises can increase their ability of accumulation, self-transformation, and self-development.
3. It is necessary to pay attention to the problem of expansion of consumption funds. On the one hand, we must arouse the enthusiasm of the vast numbers of workers; on the other, we must guide enterprises to use more retained funds to develop production.
4. It is necessary to guide enterprises to pay attention to internal affairs. Enterprises must make efforts to perfect the contracted management responsibility system within themselves. By tapping potentiality, cutting consumption, and upgrading the quality and level of their products, they must develop new products to increase their income.

Guo Zhenqian said: To ensure the smooth progress of instituting the contracted management responsibility system, we must not only solve the problem concerning the institution of the system, but must also make continuous efforts to reform the leadership structure of enterprises and genuinely delegate to enterprises all powers that should be delegated to them. We must reform the operational mechanism inside enterprises, establish and perfect the economic responsibility system, grasp various coordinated reform outside enterprises, and take prompt and effective measures to resolutely curb the malpractice of arbitrarily apportioning enterprises.

Guo Zhenqian said: Deepening enterprise reform and instituting the contracted management responsibility system is a matter involving strict implementation of policy and many aspects. Not only must enterprises perfect their internal operation mechanism, but government organs must also change their function and set up and perfect market mechanism. Particularly at present, when the old and new systems are coexisting and conflict with each other, problems and contradictions of one kind or another are unavoidable, making our work more difficult. He demanded that the principal responsible comrades of all areas and departments deal with the matter personally and effectively strengthen leadership over the work.

The forum was held by the provincial party committee and the provincial government. Responsible comrades of all prefectures, cities, autonomous prefectures, and the relevant provincial organs, and responsible persons of economic commissions, financial departments, and structural reform offices of all prefectures, cities, and autonomous prefectures attended the forum.

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CSO: 4006/654

HUBEI RADIO CALLS FOR DEEPENING ENTERPRISE REFORM

HK170834 Wuhan Hubei Provincial Service in Mandarin 0900 GMT 15 May 87

[Station commentary: "Improve Understanding, Make a Success of Contracted Management in Enterprises"]

[Text] Over the past few years, in accordance with the arrangements made by the central leadership, the province has adopted measures to delegate powers to low levels to promote enterprise reform, achieving relatively good economic results. The orientation is correct and the development is healthy.

However, we must notice that the province has not set a quick pace in enterprise reform. In particular, many large and medium-size enterprises have not yet instituted the contracted management responsibility system. Most enterprises are old and the profit they retain is very small. They also lack the ability of self-transformation. Therefore, they have failed to properly combine responsibility, power, and interests, thus affecting various personnel to unleash their initiative. The great potentiality of enterprises cannot be brought into full play.

How to genuinely invigorate enterprises? The practice in some areas indicates that deepening enterprise reform and instituting in an all-round way the contracted management responsibility system is a good method to invigorate enterprises. Some 140 large and medium-size industrial and commercial enterprises in the province are now instituting various contracted management responsibility systems. As a result, the economic results of the enterprises have improved and the profits and taxes submitted by them to the state have increased steadily. These enterprises have now accumulated some wealth and have reserve force to develop production. Their experiment is successful. It is thus evident that instituting the contracted management responsibility system can achieve the principle of socialist material interest and the vast numbers of workers can gain real benefits from the country's economic development. It can thus maintain people's zeal and creativity for a long time, can reflect the principle of reasonably separating ownership from the power in management while maintaining their relations, and can integrate consolidating and perfecting ownership by the whole people and developing planned commodity economy, to ensure the socialist orientation. Instituting the contracted management

responsibility system in an all-round way cannot only effectively make up, renew, and increase the value of the capital of enterprises, but can also ensure the increase of the state's financial revenue. Therefore, instituting the contracted management responsibility system in an all-round way is not only a direct motive force for the current drive to increase production, practice economy, increase income, and reduce expenditure, but is also a new way to explore experience of business management in socialist enterprises with Chinese characteristics.

Instituting various contracted management responsibility systems is a matter that has been decided. We must have a sense of urgency and must not hesitate any more or take a wait-and-see attitude. If you want to gain something, you must first offer something. Ensuring the state's financial revenue and enterprises' reserve strength is our basic guiding idea for instituting various contracted management responsibility systems. By deepening enterprise reform, we must resolutely institute in an all-round way various contracted management responsibility systems to bring about a good trend in invigorating enterprises and a good situation in expanding financial resources.

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CSO: 4006/654

GOVERNOR MEETS PRESS ON JIANGSU'S ECONOMY

OW230321 Nanjing Jiangsu Provincial Service in Mandarin 2200 GMT 21 Apr 87

[Excerpts] Jiangsu Provincial Governor Gu Xiulian held a press conference at the Nanjing Hotel on the afternoon of 21 April to brief foreign reporters from Beijing on Jiangsu's economic development, reform, and open policy, and to answer the reporters' queries.

Reporters from 22 press units in 12 nations, including Australia, Britain, Bulgaria, France, Democratic Germany, Federal Germany, Hungary, Japan, Switzerland, the United States, the Soviet Union, and Yugoslavia, attended the conference.

Radio and television reporter (Erich) from Democratic Germany asked Governor Gu Xiulian about Jiangsu's contributions to the nation. Governor Gu said: Jiangsu Province developed fairly rapidly during the Sixth 5-Year Plan, with the total industrial and agricultural output value rising from 62.2 to 124 billion yuan. The provincial economy continued to develop in 1986, achieving a total industrial and agricultural output value of 145.9 billion yuan. The provincial income was 63.1 billion, with the average per capita income exceeding 1,000 yuan, and the total grain output amounted to 33.39 million metric tons, with the average per capita output exceeding 500 kilograms.

UPI reporter (Machmahon) from the United States said: Jiangsu's village and town enterprises have developed very rapidly. However, austerity is being practiced throughout the nation, and some localities do not attach importance to grain production. What is your opinion of this, [word indistinct] Governor? Governor Gu said: The gross output value of Jiangsu's village and town enterprises was (?19.6) billion yuan in 1986. In spite of this, agricultural development was not relaxed. In 1985, 3.6 million people in Jiangsu were engaged in building farm water conservancy projects. The figure rose to 5 million in 1986, and 660 million cubic meters of earthworks were completed. Village and town enterprises have rendered 1.2 billion worth of assistance to agriculture in recent years, and northern Jiangsu has become the province's new grain-producing base. Of course, we have problems in strengthening the agricultural foundations. We still have to do a good job in grain production to make greater contributions to the nation.

Answering a question from FRANKFURTER RUNDSCHAU reporter (Ilin) from Federal Germany, Governor Gu gave a briefing on foreign investment in Jiangsu. She said: Jiangsu has quickened the pace of opening to the outside world in recent years, securing over 800 projects worth more than \$600 million. The sum for last year alone was \$180 million. We held a foreign trade fair in February, which realized more than \$299 million in transactions. We shall hold negotiations on foreign cooperative projects in the near future.

Governor Gu also answered questions on the campaign against bourgeois liberalization; on reform of the political structure; on the functions of the united front, trade unions, CYL organs, and women's federations and organizations; and on the training of female cadres.

The press conference lasted more than an hour. At the invitation of the provincial foreign affairs group, foreign reporters arrived in Jiangsu from Beijing on 16 April for the press conference.

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CSO: 4006/679

JIANGXI'S WU GUANZHENG ON CONTRACTED MANAGEMENT

OW180403 Nanchang Jiangxi Provincial Service in Mandarin 1000 GMT 14 May 87

[Text] At the provincial discussion meeting on the contracted managerial responsibility system on 14 May, provincial Governor Wu Guanzheng emphatically pointed out: Firmly implementing the contracted managerial responsibility system is the key to deepening enterprise structural reform. If we grasp this, we shall be able to readily deepen enterprise structural reform and further develop the campaign to increase production, practice economy, raise revenues and reduce expenditure, without applying to the state for funds.

Wu Guanzheng pointed out: In implementing the contracted managerial responsibility system, an enterprise must combine it with enterprise leadership structural reform, resolutely and seriously implement the three sets of regulations, carry out the system of plant directors assuming full responsibility, and fully develop managers' enthusiasm. It is necessary to set tasks which are not too heavy for cities under the jurisdiction of prefectures to fulfill, if those cities have shouldered many tasks in delivering profits to the state. It is necessary to formulate policies to encourage them. The time limits of enterprises' contracts should be, in general, as long as possible so that we can develop the enterprises' enthusiasm, and the enterprises can have enough time for technical transformation and product upgrading. The contracted units should use the profits retained for enterprises' technical transformation so that the enterprises' all-round superior role can be brought into full play.

Wu Guanzheng said: All prefectural and city authorities, all departments enterprises must combine the contracted managerial responsibility system with the campaign to increase production, practice economy, raise revenues and reduce expenditure, and further mobilize the masses to expose contradictions, discover shortcomings, tap potential, catch up with the advanced, reach the standard, pay attention to major tax-paying enterprises and technical transformation, grasp the weak links in production, communications and circulation, generate, supply and use electricity well, and strive hard for industrial production, making new headway.

Wu Guanzheng said: All prefectural and city authorities and all departments must, while implementing the contracted managerial responsibility system, work hard to help enterprises grasp their internal economic responsibility system well, increasing economic results and revenues. It is necessary to strengthen the management of increased revenues, guard against reduction in revenues and increase in expenditure, cut down expenditure, and resolutely call for units at all levels to maintain a balance of financial revenue and expenditure, by relying on their own efforts.

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CSO: 4006/654

JIANGXI GOVERNOR PRESENTS PROVINCE WORK REPORT

OW251228 Nanchang Jiangxi Provincial Service in Mandarin 1000 GMT 23, 24, 25
Apr 87

[23 Apr 87] Work Report (1)

[Text] Governor Wu Guanzheng delivered a report on the government's work at the sixth session of the Sixth Provincial People's Congress today. Reviewing the work of 1986, he said: In the past year, Jiangxi achieved new results on all fronts. The stable and united political situation was further consolidated, the economy developed in a sustained and steady manner, and the livelihood of people in urban and rural areas continued to improve.

Wu Guanzheng stated: In the first year of the Seventh 5-Year Plan, Jiangxi's total social product amounted to 40.6 billion yuan, up 9.5 percent from the previous year. And the total industrial and agricultural output value was 29.2 billion yuan, up 10.5 percent from the previous year. The people's income totaled 18.91 billion yuan, an increase of 7.6 percent from the preceding year. All these indicate that the 1986 plan was either fulfilled or overfulfilled. Agriculture was affected by hailstorms, insect pests, droughts, and other natural calamities. Despite lower output of grain and other cash crops, the total agricultural output value increased over the previous year. There was an increase in the proportion of the output value of the diversified economy to the total agricultural output value. And the total output value of village and township industry rose by 34.1 percent. Gratifying changes occurred in the construction of old revolutionary base areas on the basis of the achievements realized in the preceding year. Despite shortages of energy and raw materials, strains on communications and transport, and keen competition in the market, the total industrial output value grew by 15 percent from the previous year. Substantial increases were registered in the number of marketable products. A number of products won state gold and silver medals as well as ministerial and provincial titles.

The scale of investment in fixed assets was kept within the scope provided in the state plan, and efforts were stepped up in the construction of key projects. Investment in capital construction increased by 7.4 percent, and that in renovation projects rose 37 percent. Investment returns were better than those in the preceding year. Progress was made in foreign trade and in economic and technological cooperation with foreign countries. The total volume of exports grew by 18.7 percent. Urban and rural markets were

flourishing, and market activity was brisk. The gross retail sales of social commodities increased by 43.3 percent, and the prices of major consumer goods were basically stable.

While supporting the move to invigorate the economy, financial departments concentrated on efforts to increase revenue and reduce expenditure. Local financial revenues rose by 13.6 percent. A balance was basically struck between revenue and expenditure.

The people's living standards continued to improve. Jobs were given to nearly 160,000 urban and rural unemployed people. The average wages of the workers and staff members increased by 15.5 percent, while the per-capita net income of peasants rose 4.9 percent. The year-end total of the savings deposits of urban and rural people increased by 38 percent. Housing conditions further improved.

Gratifying achievements were made in science, technology, and education. The comprehensive reform with its focus on urban areas was carried out further. The building of spiritual civilization was stepped up. Unity was strengthened throughout the province. Further improvement was made in party style, the standards of social conduct, and public order.

Wu Guanzheng said: While reviewing our achievements, we should clearly keep in mind that there are still many difficulties and problems in our work. There are still not many policies and measures formulated according to the central guidelines and Jiangxi's situation. The economy was not vigorous enough, and coordinating efforts failed to keep pace with reform. Enterprises lacked vitality, economic results were low, and the proportion of nonproductive projects was overly large. The work of government organs did conform to the developments of the situation. These problems should arouse our attention so that measures will be taken to solve them in a step-by-step fashion.

[24 Apr 87] Work Report (2)

[Text] In his report on the work of the government, Governor Wu Guanzheng touched on the principal task in the economic work for 1987. He pointed out: The whole province must strive hard to promote all aspects of work while centering around the two major tasks of this year.

Wu Guanzheng said: The initial plan for the key targets for Jiangxi's economic development this year is: The total product of society will be 43.9 billion yuan, 8.1 percent higher than in 1986. Of this sum, the total output value of industry and agriculture will be 31.63 billion yuan, 8.3 percent above last year. National income will reach 20.24 billion yuan, up 7 percent from 1986. Retail sales will reach 12.5 billion yuan, a 12.2 percent increase over 1986. Local revenues will be 2.61 billion yuan, 8.7 percent above last year. The peasants' average per-capita income will reach 425 yuan, up 7.3 percent from 1986.

Wu Guanzheng emphatically pointed out: In order to develop Jiangxi's economy in a sustained and steady way on a long term basis, we must continuously

launch the campaign to increase production and practice economy and to increase revenues and retrench expenditures. In this campaign, we must adjust our foothold to that of boosting economic results and emphasize increasing production and revenues. In addition, we must firmly practice economy, develop the Jinggangshan revolutionary spirit, and save every penny for construction. It is necessary to fully mobilize the masses to suggest ways and means, make rationalization suggestions, offer technical innovations and coordinations, repair used equipment, use discarded materials, launch labor emulation drives at many levels, and increase production and practice economy in a down-to-earth way.

[24 Apr 87] Work Report (3)

[Text] An important task in the 1987 economic work—proposed by provincial Governor Wu Guanzheng in his government work report—is to further strengthen agricultural development and promote all-round steady development of the rural economy.

Wu Guanzheng said: Thanks to the continuous steady development in agriculture over the past few years, Jiangxi's industry and the economy as a whole have increased by large margins. Therefore, it is necessary to further strengthen the development of agriculture as a foundation by emphasizing grain production. The total grain output this year must reach 15.75 million metric tons, 8.3 percent higher than 1986. This is a herculean task.

It is necessary to actively develop a diversified economy and tap new sources of revenues. We must develop rural enterprises, draw on local resources, and produce products and develop industries with special characteristics. We must deepen rural reform by developing multiple economic elements, diversified economic and multi-level socialized services, and by establishing and improving the farm produce market structure and signing purchase contracts. We must strengthen agricultural development, attach great importance to and strengthen farmland capital construction, and boost our ability to struggle against natural disaster. We must continue developing the old liberated areas, promote economic development, and expand productive forces.

[24 Apr 87] Work Report (4)

[Text] In his report on the work of the government, provincial Governor Wu Guanzheng touched on the principal tasks for the 1987 economic work and pointed out: It is necessary to increase economic results, maintain the sustained and steady growth of industrial production, deepen reform, and further invigorate enterprises, particularly large and medium-sized ones.

Wu Guanzheng said: We must firmly concentrate on raising economic results and strive for an appropriate and steady rate of development. We must promote the increase of industrial production on the basis of raising product quality, producing marketable products, reducing consumption of materials, accelerating the circulation of funds, and eliminating deficits. It is necessary to closely combine production with circulation and consumption, and coordinate with speed, proportion, and economic results.

Wu Guanzheng said: The principal task of this year's economic structural reform is to invigorate enterprises, particularly large and medium-sized state enterprises. The reform emphasizes the operation and leadership structure of an enterprise. It is necessary to continue developing lateral economic associations, appropriately speed up the monetary structural reform, and further expand the market of means of production. We must gradually reform and perfect the enterprise workers' wage system, fixed assets investment and management regulations, and make necessary preparations for the reforms during the next stage. It is necessary to put the emphasis of reform on the improvement of enterprise operation, and build and improve an operational basis which combines responsibility, power, and interest. Therefore, it is necessary to seriously implement a multi-form operational responsibility system in accordance with the principal of ownership separated from the power of operation, so that enterprises can really become relatively independent and self-operational economic entities which assume sole responsibility for their profits or losses.

[24 Apr 87] Work Report (5)

[Text] In his government work report, provincial Governor Wu Guanzheng touched on the major tasks of the 1987 economic work, saying: It is necessary to readjust the investment structure and ensure success in the construction of key projects and technical transformation.

Wu Guanzheng said: Construction scale should match financial capability. This is the basis for sustained and steady economic growth. We should continue to curb investment sale, readjust investment structure, and pay greater attention to construction of key projects in order to achieve higher investment returns. Newly started projects should be strictly supervised, and problems with projects already under construction should be straightened out. In making investment plans, emphasis should be placed on agriculture, energy, communications, raw and semifinished industries, and education in science and technology. Special attention should be given to construction of electricity and coal mining projects. We should do a good job of technical transformation after achieving technical progress to facilitate the growth of key enterprises which are up to advanced standards at home and abroad. We should develop bases for producing brand-name, good-quality, and highly competitive export products, and strive to put into operation some 200 technical transformation projects and 50 projects using imported technology within this year to yield results.

[24 Apr 87] Work Report (6)

[Text] In his government work report, provincial Governor Wu Guanzheng touched on the major tasks of the 1987 economic work, saying: We should concentrate on economic construction, promote reform in scientific and technical education, and continue to improve the peoples livelihood on the basis of developed production.

Wu Guanzheng said: Our province has rich natural resources. We should simultaneously develop our natural and intellectual resources, and promote economic development through science and technology. This year we should

continue to relegate the power of managing affairs related to science and technology to lower levels, and promote the development of different forms of scientific research and production complexes at different levels. The system of managing scientific researchers should be reformed. Researchers should be encouraged to actively tackle crucial projects, help enterprises conduct technical transformation, do a good job in implementing the sparking plan, and provide scientific and technical support to help poor areas shake off poverty.

Wu Guanzheng said: Government at all levels should show concern for the support educational work, and find effective solutions to existing practical problems. Special efforts should be made to solve the problem of hazardous buildings in secondary and primary schools in the next few years. We should earnestly implement the policy toward intellectuals, and strive to improve working and living conditions for intellectuals.

Wu Guanzheng said: This year, we should do our best to improve the people's livelihood by developing production and checking the excessive growth of consumption funds. Governments at all levels should effectively strengthen price control, publicize pricing policy, and ban all unauthorized price hikes. The increase in the retail price index should be less than last year's level, and the increase in the masses' incomes should not be lower than the increases in commodity prices. Instead of going down, actual living standards should constantly go up as production develops.

[25 Apr 87] Work Report (7)

[Text] In his government work report at the sixth session of the Sixth Provincial People's Congress, provincial Governor Wu Guanzheng said: Reform and construction are inseparable from stability and unity. At present it is necessary to extensively and thoroughly carry out education in upholding the four cardinal principles, oppose bourgeois liberalization, promote the development of socialist spiritual civilization, and guarantee the smooth progress of reform and construction.

Wu Guanzheng said: Opposing bourgeois liberalization is an arduous, complicated, and prolonged struggle. At present we should concentrate on thoroughly criticizing the erroneous ideas of bourgeois liberalization; conduct positive education in upholding the four cardinal principles; reinforce our mass media; strengthen and improve ideological and political work on all fronts, especially in schools; step up the efforts to train Marxist theoreticians; conduct in-depth investigations and studies; constantly sum up experiences; and provide careful guidance to this struggle. It is imperative that we further implement the guidelines of the 6th Plenary Session of the 12th CPC Central Committee and the Main Points for Strengthening Socialist Spiritual Civilization formulated by the Provincial Party Committee. We must educate the masses so they will share the common ideal of achieving socialist modernization, boost their morale, and mobilize to actively engage in construction and reform. It is necessary to cultivate a democratic atmosphere, perfect the system of democratic management, promote the development of the legal system, guarantee and safeguard the excellent situation characterized by stability and unity that have come about through

hard work, and create a sound social environment for carrying out economic construction in our province.

Wu Guanzheng stressed: To ensure the smooth progress of reform and economic construction, governments at all levels should improve the work style of their offices, and strive to increase work efficiency. Government personnel at all levels should engage in study, remain mentally sound, observe law and discipline, and wholeheartedly serve the grassroots units and the people. The Provincial People's Government is implementing the system of goal management for all departments, which, in turn, should take effective measures to mobilize all positive factors to ensure that all the goals are fulfilled.

Following legal procedures, governments at all levels should take the initiative to promptly report their work to standing committees of the people's congresses. They should modestly accept inspection and supervision by the people's congresses and their deputies, and listen to views of the people in all circles. They must appropriately handle the deputies' proposals, suggestions and criticisms, and subject their work in all areas to the supervision of the people's congresses.

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CSO: 4006/681

JILIN GOVERNOR ON INCREASING PRODUCTION, ECONOMIZING

SK251115 Changchun Jilin Provincial Service in Mandarin 0930 GMT 23 Apr 87

[Text] Recently, the provincial government held a meeting of city mayors and responsible persons of various provincial-level departments. The meeting relayed and studied the important speech recently made by a leading comrade of the State Council; examined the implementation of the guidelines of the provincial meeting of the governor and vice governors, which was held at the beginning of this year; and discussed ways to continually and resolutely implement the principles, policies, and tasks defined by the provincial meeting of the governor and vice governors. Governor Gao Dezhan presided over and addressed the meeting.

The meeting maintained: Since the beginning of this year, the province has conscientiously implemented the guidelines of the provincial meeting of the governor and vice governors; satisfactorily fulfilled the target on increasing production and practicing economy and increasing revenues and cutting expenditures; effectively controlled the scale of investment in fixed assets; resolutely curtailed expenditures; and initially checked the overly rapid growth in expenditures. In the first quarter of this year the total provincial expenditures dropped by 0.2 percent from the corresponding 1986 period. At the same time, the province has maintained the good trend in the sustained and stable development of the provincial economy, has made full preparations for agricultural production in an earlier manner, and has launched the spring plowing in a comprehensive manner.

In the first quarter of this year, industrial enterprises in the province effected increases in all of the output value, income from sales, profit and taxes, and financial revenues. The major problems at present are: the campaign of increasing production and practicing economy and increasing revenues and cutting expenditures has not been launched in a balanced manner; some units have failed to fully mobilize the masses' enthusiasm in launching the campaign and to adopt effective measures for launching the campaign; the economic efficiency targets of some enterprises are not good enough; the upward trend in deficits of enterprises has not been changed; the state-assigned target on financial expenditures has not been fulfilled, although the financial expenditures have been brought under control; and, in particular, the tasks on curtailing administrative expenses and controlling the institutional purchase power are still very arduous.

In his speech, Comrade Gao Dezhan pointed out: We can maintain the good trend in the sustained and stable progress of the provincial economy if we conscientiously implement the guidelines of the provincial meeting of the governor and vice governors, attend to grasping the two major events, and achieving success in the work for this year. Failure in this regard will certainly add a burden to work next year and will hamper the smooth progress of the political and economic structural reforms in the future. This year is a crucial year. We should seize this crucial period to overcome problems and attend to our work by giving consideration to the overall situation, and should strive to successfully implement the principles, policies and measures set forth by the provincial meeting of the governor and vice governors.

At present, we should pay special attention to doing the following five tasks well:

1. We should actually and firmly grasp grain production and develop the rural commodity economy in a comprehensive manner. Now is the key period for spring plowing and sowing. We should concentrate our energy on spring sowing by seizing the good season in late April and by taking advantage of favorable land conditions in order to ensure the full growth of crop shoots and to guarantee and raise the efficiency of material input. High attention should be paid to the new situations and problems in animal husbandry. The downward trend in hog production should be reversed as quick as possible. In developing town and township enterprises, we should give prominence to major fields, exploit our favorable conditions, and develop whatever we can. We should actually grasp vegetable production and diversified undertakings.

2. We should further deepen the campaign of increasing production and practicing economy and increasing revenues and cutting expenditures in order to promote the sustained, stable, and coordinated development of the provincial economy. Focusing on the general goal for the provincial campaign of increasing production and practicing economy and increasing revenues and cutting expenditures, we should institute systems to ensure the fulfillment of this goal at each level. The campaign aims at comprehensively raising the efficiency of various localities, depending on increasing production and practicing economy to increase revenues, and depending on cutting expenditures to ensure the increase in revenues. We should grasp the campaign not only in the production, construction, and circulation spheres but also in the fields of scientific research, education, culture, public health, sports, institutions, and groups.

In deepening the campaign, we should first have a profound understanding of the campaign. We must consider the campaign to be the central task of economic work, and actually attend to it. All items of our work should be conducted in line with this campaign. We should seize the opportunity to examine the fulfillment of targets for this campaign step by step. Those units which have failed to fulfill targets should be given a deadline to once again mobilize their enthusiasm after conducting a study of their situation. Then, we should grasp the implementation of this campaign and the consolidation of achievements. Centering on the 10 major items covered by the campaign, we should

firmly grasp the fulfillment of each single item. We should actually strengthen organizational allocation and coordination in production, construction, and circulation and solve major contradictions and problems in production in a timely manner. All fields should guarantee the overall service to the major profit-making enterprises. As for the money-losing enterprises, comprehensive diagnosis and overall consolidation should be conducted among them one by one.

3. We should combine the campaign with the deepening of enterprise reform in order to promote the in-depth development of reforms in various fields. Enterprises should raise their economic efficiency, should no longer depend on the retention of more profits and tax reductions to boost their production, and should strive to earn more profits through their own efforts. [Words indistinct] At present we should pay attention to the following five points in work. First, we should perfect various forms of the contracted responsibility system and incorporate the target of the campaign in the contracted responsibility system. Second, we should firmly and unswervingly implement the plant director responsibility system, and should incorporate the campaign in the plant director responsibility system. Third, we should further perfect the economic responsibility system among enterprises. The forms of contracts should be varied, and various forms of the contract system should be allowed to exist at an enterprise. Various targets must be assigned to each unit of enterprises. We must undertake accounting in a scientific manner, and try by every possible means to make smaller units on the basis of cost accounting. Fourth, we must give autonomy to enterprises to decide their distribution, within the limits permitted by the state policies. Fifth, we should further create external conditions for invigorating enterprises. We should penetratingly conduct banking structural reform, expand the market for means of production, energetically develop lateral economic cooperation, further grant decision-making powers to enterprises, give protection to enterprises, and resolutely check the malpractices of extracting unwarranted extra fees from enterprises.

4. We should be determined to really meet the demands for compressing the overheated economic atmosphere. In reducing the investment in fixed assets, the key is to reduce the capital construction funds raised by various localities and departments themselves. We should resolutely implement the three-ensure and three-compression principles and continue to implement the three-tightening up and three-progress principles. We should vigorously curtail financial expenditures mainly by cutting the growing administrative expenses and institutional purchase power. All localities must keep their expenditures within the limits of their financial capacity. As for the administrative expenses, we must implement the method of fixing the total volume for the year and allocate funds in strict accordance with the number of staff. It is forbidden to vie with one another in buying cars and expensive office furnishings, to indulge in extravagant wining and dining, giving excessive banquets and gifts with public funds, and making trips at public expense. We should vigorously reduce meetings and streamline documents. Beginning with departments at the provincial and city levels, we should be resolute in solving the problem of excessive documents and meetings. We should resolutely control the continued increase in consumption funds mainly by checking the wanton issuance of bonuses, materials, and subsidies among some organs, institutions, and enterprises.

5. We should uphold the simultaneous grasping of the two civilizations and further strengthen the economic work. In keeping abreast of the new situation of reform, opening up, and economic invigoration, we must strengthen ideological and political work instead of neglecting it. We should institute and perfect the leadership responsibility system for the campaign of increasing production and practicing economy and increasing revenues and cutting expenditures. All levels of leaders should improve their workstyle, go deep into the grassroots units to conduct investigations and studies, strengthen supervision and examination, give different guidances for different cases, and attend to giving comprehensive service.

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CS0: 4006/679

JILIN CAPITAL CONSTRUCTION INVESTMENT IN 1986

Shenyang DONGBEI JINGJI BAO in Chinese 3 Mar 87 p 1

[Text] In the first year of the Seventh 5-Year Plan, Jilin Province has brought the scale of capital construction investment under control, readjusted the investment structure, and put greater emphasis on the major construction projects. Investment in 1986 has produced far better results than in the year before.

Fairly Good Progress Has Been Made in Implementing the Capital Construction Plan: Since control was strengthened last year, capital construction investment in Jilin has increased at a much slower rate than before. Capital construction investment in Jilin increased 3.2 percent between 1985 and 1986, much lower than the 54.7-percent increase between 1984 and 1985. Investment in local projects increased 2.5 percent between 1985 and 1986, the smallest increase in several years and far below the 71.5-percent increase between 1984 and 1985. By controlling the scale of investment, between results have been achieved in capital construction. Jilin fulfilled 98.7 percent of the overall 1986 capital construction plan, 99.8 percent of work on projects directly under or directly funded by relevant state ministries, and 96.9 percent of work on local projects, the best levels of completion in recent years.

The Investment Structure Has Been Further Readjusted: A review was made of 454 projects under construction in 1986, and 12 nonproductive projects which were outside the plan or were without guaranteed funds were suspended or postponed. The readjustment has resulted in increased investment in production projects, in the fields of agriculture, forestry, water conservancy, transport, post and telecommunications, culture, education, public health, and urban development, and in the light, building materials, and chemical industries.

Greater Emphasis Has Been Placed on the Major Projects: Major large and medium-sized construction projects made far greater progress in 1986 than in previous years. The target investment in 20 large and medium-sized projects called for by the state plan was fulfilled 100.5 percent, higher than the overall fulfillment level. Among them, the target investment in five key projects organized by the state according to their contracted construction periods, including the No 1 automobile plant product-remodeling and renovation project, the Changshan thermal power plant, the Jilin thermal power plant, the Dongfeng 500 KV substation, and the Baishan hydroelectric power plant, was

fulfilled 102.1 percent. Seven of the 20 large and medium-sized projects were partially completed and put into operations at the end of 1986. For example, the No 1 automobile plant began making new types of motor vehicles in July 1986; the 500 KV high-tension transmission and transforming project between Dongfeng and Liaoyang was put into operation; and two units of the Hongshi hydroelectric power station were put into the power grid. The investment targets set by the provincial government for 21 major local projects were fulfilled 96.2 percent. Six of these projects, including the Jilin chemical fiber plant first and second phase construction, the Xinlicheng reservoir, the Shiguo reservoir, the Yanbian Liangshui Well No 1, the three-part Jilin physical culture project, and the Changchun Dafangshen airport, were completed and put into operations.

Better Results Have Been Obtained From Investments: By controlling the scale of investment, readjusting the investment structure, and guaranteeing funds for the major projects, the proportion of fixed assets brought into operation increased from 65.5 percent in 1985 to 87.5 percent in 1986; the proportion of construction projects put into production increased from 50.6 percent in 1985 to 56.7 percent in 1986; and the proportion of housing construction completed rose from 47.5 percent in 1985 to 53.3 percent in 1986.

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LIAONING GOVERNOR ON PRACTICING ECONOMY

SK282310 Shenyang Liaoning Provincial Service in Mandarin 0930 GMT 26 Apr 87

[Text] On the morning of 26 April, together with some representatives participating in the provincial meeting to commend the advanced collectives and model workers, Li Changchun, governor of the province; Sun Qi, deputy secretary of the provincial party committee; and Chen Suzhi, Standing Committee member of the provincial party committee and chairman of the provincial Trade Union Council, held talks on how to deepen the province's campaign of increasing production, practicing economy, increasing revenues, and cutting expenditures.

After hearing representatives' opinions, Li Changchun said: While conducting the campaign, all units and trades should link learning from (Meng Pai) with learning from the advanced examples of their own units and trades. By so doing can the activities of learning from (Meng Pai) be specifically launched. Through learning from the actual examples around us, we should mobilize the vast number of cadres and staff members and workers to participate in the campaign of increasing production, practicing economy, increasing revenues, and cutting expenditures.

Li Changchun said: We should concentrate efforts on improving and upgrading technologies in an effort to upgrade the quality of the productive forces. By so doing we can get twice the results with half the effort. This is a way for fundamentally deepening the campaign. Simultaneously, we should closely link the campaign with the deepening of enterprise reform. Through implementing various forms of economic contracts at various levels, each and every person will be aroused with enthusiasm for participating in the campaign.

On the issue on the relations between party style and social conduct and the campaign, Li Changchun said: The masses of staff members and workers' enthusiasm and the implementation of the campaign will certainly be affected by unhealthy party style and social conduct. The trend of lavish dining and wining becomes increasingly more serious at present. Some areas far exceed the standards and the scope of normal business activities. Unhealthy practices of arbitrarily accepting kickbacks and arbitrarily asking fees exist in the circulation field. Thus, commodities are overstocked and serious economic losses are brought about due to the fact that some people are generous at the state's expense. The trend of arbitrarily giving bonuses and materials arises; thus, the implementation of the principle of building country through

diligence and thrift and of the campaign of increasing production, practicing economy, increasing revenues, and cutting expenses are affected. The provincial party committee and the provincial government have taken and are taking effective measures for stopping and resolutely eliminating these problems. Simultaneously, I hope that model workers and advanced figures will help conduct supervision among the grassroots.

On the issue concerning the relations between the campaign and the ceaseless improvement of material living standard, Li Changchun said: Over the past few years, we have made great efforts to help urban staff members and workers eliminate their housing problems and difficulties in getting vegetables. However, we cannot thoroughly solve in a day the problems left over from history. So we must continue making unswerving efforts to grasp them. In short, only when we achieve the campaign and upgrade the economic results can we solve the problems related to the actual problems of each and every person's immediate and vital interests as soon as possible.

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CSO: 4006/679

BU HE DELIVERS NEI MONGGOL GOVERNMENT WORK REPORT

SK300120 Hohhot Nei Monggol Regional Service in Mandarin 1000 GMT 27 Apr 87

[Text] In his government work report to the Fifth Session of the Sixth Nei Monggol Regional People's Congress, Bu He, chairman of the Regional Government, pointed out that the region scored new achievements in 1986 thanks to the fact that the Regional Party Committee and the Regional Government took effective measures for continuing to implement the economic construction policy based on the leading role of forestry and animal husbandry to develop a diversified economy.

Bu He said: According to the region's natural resources and ecological environment, the Regional Party Committee defined planting trees and growing grasses to boost animal husbandry as the main orientation to deeply implement the economic construction policy of the leading role of forestry and animal husbandry to develop a diversified economy; and worked out a draft plan for implementing the program of planting trees and growing grasses to boost animal husbandry. According to the requirements set forth in the program, the Regional Government made arrangements for mobilizing the vast number of cadres and people throughout the region to conscientiously implement and study the program. Thus, they upgraded their understanding to a new level. All localities and departments made preparatory work for carrying out the draft plan on a trial basis and concentrated efforts on working out economic and social development strategies in line with their actual conditions.

Chairman Bu He's government work report pointed out: The Regional Government scored results in implementing the four concrete things, such as supporting the poor, preventing and curing endemic diseases, developing education, and obtaining water for the people and animals, which had been formulated in line with the spirit of doing concrete things and scoring actual results in order to bring about material benefits to the people and in an effort to solve urban and rural people's major production and living problems.

Bu He pointed out: Last year the region collected, through various channels, 130 million yuan of funds for supporting the poor. More than 190,000 impoverished households were supported. More than 50,000 households had extricated themselves from the poverty by year end, higher than the total number of the previous five years. A total of 14.5 million yuan of funds were used to prevent and cure endemic diseases in 1986. Thus, the endemic diseases which jeopardized the people's health conditions were effectively controlled.

More than 116 million yuan of funds for improving primary and middle school houses were collected through various channels in 1986. The tasks for ensuring that there are no dangerous schoolhouses, each and every class has its classroom, and each and every student has his desk and chair. The task for changing the central schools of 80 border Sumu into public boarding schools where the students enjoy stipends were fulfilled by more than 60 percent. In 1986, 11.35 million yuan of special funds were allocated to help hilly, remote, and impoverished areas improve their serious problems in getting water. The aforementioned concrete things have exerted a good influence on the people.

On the major tasks for 1987, Chairman Bu He stressed that we should continue to deepen reform and set up and perfect a new economic structure in a step-by-step manner.

Comrade Bu He pointed out: New vitality has poured into the region's urban and rural economic and social development thanks to reform over the past few years. This year we must continue to deepen reform to vigorously promote the development of social productive forces and commodity economy, and must ceaselessly deepen reform in the situation characterized by stability and unity.

On the issue concerning rural and pastoral reform, Bu He said: We should conscientiously implement the guidelines of the documents set forth by the central authorities this year in an effort to deepen rural and pastoral reform. We should further arouse the enthusiasm of peasants and herdsmen to stabilize and develop the animal husbandry-forestry-agriculture economy. In line with the requirements for development of socialist planned economy, this year we should continue reforming the methods of purchasing and marketing farm and livestock products and should set up and perfect a farm and livestock product marketing structure. We should conscientiously implement the system of linking grain contracts with supply of chemical fertilizer and diesel oil at parity prices on the premise of paying part of the money when forward purchasing contracts are signed. The region should regard investment in animal husbandry, forestry, and agriculture as one of the priorities in arrangement of expenditures in order to strengthen reserve strength for development. Simultaneously, we should guide peasants and herdsmen to increase the investment in production development and to gradually enhance the capacity for accumulating funds for agricultural development.

Bu He pointed out: On the issue concerning the priorities in urban economic structural reform, we should conscientiously implement several regulations on deepening enterprise reform and vitalizing enterprises set forth by the State Council, and should make bigger strides for enhancing vitality of enterprises, particularly large and medium-sized enterprises. According to the region's actual conditions, the regional people's government formulated a series of regulations on deepening the reform of state industrial enterprises and on vitalizing enterprises. Thus, the state's measures for reform have further been implemented, and the region has made progress in making overall explorations of reform. Governments at all levels should conscientiously implement measures for reform and should proceed from their local conditions to gradually reform enterprise management mechanisms and the enterprises'

inherent leadership system. In order to enliven the circulation field, we should focus on grasping the reform of markets for means of production and money markets. First of all, we should conduct trial reform in this regard in Hohhot and Baotou Cities. Simultaneously, we should make explorations for labor service markets, technology markets, and housing commercialization.

Chairman Bu He's government work report said that the further implementation of the economic construction principle of the leading role of forestry and animal husbandry to develop a diversified economy is the first step for achieving the policy of planting trees and growing grasses to boost animal husbandry.

Bu He pointed out: The economic construction principle of the leading role of forestry and animal husbandry to develop a diversified economy is formulated through scientifically summing up the practices over a long period of time. So, it conforms to the will of the people of various nationalities and is of great significance in enlivening the region's economy, eliminating poverty, seeking wealth, strengthening unity among the people of various nationalities, and developing the border areas. The significance, functions, goals, policies, and measures for planting trees and growing grasses to boost animal husbandry are specifically explained in the program. Thus, we should further conscientiously disseminate, study, and implement the program of planting trees and growing grasses to boost animal husbandry. Human, financial, and material resources must be located to support the implementation of the program. All localities and departments should study and sum up new situations and new problems cropping up in the course of implementation, should give guidance according to different actual conditions in order to promote the overall development of animal husbandry, and should proceed from reality to grasp typical cases, to ceaselessly supplement and perfect the work in the course of practice, to make efforts to lay a good foundation for the overall implementation in the next three years.

Bu He said: The development of animal husbandry is uneven due to its poor foundation. Livestock production does not suit the overall social demands and market demands because the region has failed to bring into play its advantages in animal husbandry development. In order to change the situation as soon as possible, we should fundamentally conduct reform, continue to readjust the industrial structure in a planned manner according to the region's objective reality and in close accordance with the major orientation of planting trees and growing grasses to develop a diversified economy, and gradually set up bases with the focus of production of livestock commodities. All localities and departments should make unified arrangements for concentratively developing grasses and raising animals in order to promote a coordinated development of the region's economy.

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CSO: 4006/680

MORE ON NEI MONGGOL GOVERNMENT WORK REPORT

SK300130 Hohhot Nei Monggol Regional Service in Mandarin 1000 GMT 28 Apr 87

[Text] In his government work report delivered at the fifth session of the Sixth Regional People's Congress, Chairman Bu He pointed out that this year efforts should be made to increase production and revenues and expand circulation channels.

Bu He said: Increasing production and practicing economy represent a basic policy for building socialism, and also a major task for this year's economic work. In increasing production and practicing economy, we should rely on intensified reform and have our eyes on the markets and competition, and improve the economic results of society in a comprehensive manner. The industrial output value is planned to reach 11.6 billion yuan this year, a 7.8 percent increase over the previous year. Highly priced shoddy goods represent a major weak link in our industrial products. We must exert great efforts to strengthen overall quality control and achieve better results through controlled and improved quality. We should set a time limit for the enterprises which produce expensive shoddy goods to consolidate themselves. If they fail to achieve a notable improvement within a definite time, they should be closed down, merged with other enterprises, or have their production suspended or converted, and some of them may be declared bankrupt. In the meantime, we should do active work to readjust the production setup and product mix, increase the patterns and varieties of goods, and greatly increase the production of readily marketable goods to meet market demand.

Bu He pointed out: We should actively invigorate commodity circulation, continue to push forward the reform of state commercial units and supply and marketing cooperatives, and give full play to their role as a major channel of circulation. The annual volume of commodity retail sales is planned to reach 10.3 billion yuan, 11.2 percent over the previous year. We should conscientiously make arrangements for urban and rural markets, strengthen the control and supervision over market prices, maintain the basic stability of commodity prices, and keep the price rise index strictly within the state-stipulated level.

Bu He continued: We should actively develop foreign trade, expand exports, and strive to increase foreign exchange earnings. Meanwhile, we should appropriately control imports, in particular those of nonproductive goods and consumer goods.

Bu He stressed in his government work report that it is necessary to strengthen macroeconomic control, resolutely put a brake on spending, and keep economic construction within a scale that is commensurate with the regional financial and material capacities so as to provide a more stable environment for deepening reform.

Bu He pointed out: The focus of our endeavor to put a brake on spending is to strictly control the scale of fixed asset investment. In line with the requirements of the State Council's several stipulation on controlling the scope of fixed asset investment, we should greatly reduce unplanned, nonproductive and nonessential projects of the state and the region. This year funds for administrative purposes should be reduced by 10 percent. At the same time, we should conscientiously reassess the projects under construction, and continue, postpone, or cancel them as they deserve so that the limited funds can be used to ensure the planned, productive, and essential projects of the state and the region.

Bu He said: Over the past few years various localities and departments have always tried to start more projects or do more work, thus making expenditures incompatible with revenues, and exceed our financial capacity. In addition, administrative organs and institutions and their staff have increased too greatly over the past few years, the people's standards of consumption have increasingly risen, and competition in consumption has encouraged unhealthy trends. This created an adverse influence on reform and the people's mental attitude. Governments at all levels should intensify the propaganda and education among the cadres and people on the spirit of plain living, arduous struggle, and building up the country through thrift and hard work so that they will understand that the improvement in their living standards should correspond with the development of production, and that increase of consumption funds should be commensurate with the improvement of productivity. Leading persons at all levels should take the lead in implementing state policies and regulations, and in carrying forward our party's fine traditions and workstyles.

Bu He continued: We should continue to strengthen and improve overall control over monetary work, bring the volume of currency in circulation and the scope of credit under strict control, manage and use well the fund for various social purposes, actively develop the monetary market in a planned and well-guided manner, and give better play to the role of banks in collecting and circulating funds.

Bu He pointed out the need to greatly expand lateral economic ties and make the commodity economy better flourish.

Bu He said: Lateral economic ties represent an inexorable trend in reform and economic development, and are a product of the development of a planned commodity economy. We should continue to implement to the letter the State Council's regulations on some questions concerning promotion of lateral economic ties and the methods of the regional people's government for carrying out the regulations, regard lateral economic ties as an important component of the economic structural reform, concentrate efforts on improving economic results, emphasize the work to invigorate enterprises, have the region and the

country in view, consolidate and develop the achievements in the lateral ties, and actively open up new fields of economic cooperation.

Bu He stressed: In line with the requirement for developing diverse undertakings while emphasizing forestry and animal husbandry in economic construction, we should encourage the various localities, enterprises, and departments in and outside the region to develop and improve the grassland in our region, and expand animal husbandry, woolen textile, lumber, food, animal feed, farm and animal product processing industries and township enterprises. We should be resolute in opening our doors wide and encouraging and organizing enterprises within the region to cooperate with those of neighboring provinces, cities, and regions. In this way, we will be able to join the interregional large enterprise groups of the same trade which have advanced technologies and competitive edges.

Bu He pointed out: We should also further clear the circulation channels, actively facilitate the cooperation of circulation units, establish associations of commercial units and associations of commercial and industrial units of a fairly large scale, enliven the circulation between urban and rural areas and between areas in and outside the region, and promote the economic construction of the region.

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CSO: 4006/680

LI XINQUAN'S FINANCIAL REPORT

SK290832 Hohhot Nei Monggol Regional Service in Mandarin 1000 GMT 28 Apr 87

[Text] In his report on 1986 final accounts and the 1987 draft budget at the fifth session of the Sixth Regional People's Congress, Li Xinquan, director of the regional financial department, said: The region successively fulfilled the tasks of the 1986 revenue and expenditure budget. Revenue in 1986 was 1,602.05 million yuan, fulfilling the annual budget by 109.9 percent. Expenditures reached 4,389.5 million yuan, fulfilling the readjusted budget by 95.6 percent. The general situation of implementing the 1986 budget was as follows: The revenue target was overfulfilled and expenditure was controlled within the budget. If including the planned state subsidies and special allocations, the accounts showed a favorable balance and the region struck a balance between revenue and expenditures with a small surplus.

Li Xinquan said: The basic principles for arranging this year's financial budget are to deepen enterprise reform and vigorously launch a campaign to increase production and practice economy to promote the development of production and increase economic results; to strive to tap potential to increase revenue to ensure a stable increase in revenue; to readjust the expenditure structure and make rational distribution and use of funds; to cut all expenses that should be saved; to ensure the construction of key projects and make overall considerations of construction of general projects on the premise of ensuring a normal distribution of wages; and to persist in the principles of seeking truth from facts, of keeping expenditures within the limits of income, and of acting according to one's capacity to continue striking a balance between revenue and expenditure. The 1987 revenue budget is 1,772 million yuan, an increase of 169.95 million yuan or 10.6 percent over the 1986 figure. The total expenditure is 4,105.53 million yuan.

Li Xinquan stressed in his report: To successively fulfill the tasks of the region's 1987 budget, we should substantially grasp the following few tasks. First, we should seek a unity of thinking and upgrade our understanding to launch the campaign to increase production, practice economy, increase revenue, and cut expenditures in a solid manner.

Second, we should deepen reform, invigorate enterprises, and ceaselessly upgrade economic results.

Third, we should strictly enforce taxation laws and discipline and strengthen tax collection work to ensure a stable increase in revenue.

Fourth, we should continue to take measures to accelerate economic development among banners and counties.

Fifth, we should persist in the principle of diligence and thrift to save all expenses that can be saved and to raise the return on the use of funds.

Sixth, we should strengthen supervision over financial work and strictly enforce financial and economic discipline to ensure stable and long-term economic development and the smooth progress of reform in all fields.

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CSO: 4006/680

SICHUAN GOVERNOR ON GUIDING IDEALS, GOALS FOR 1987

HK250325 Chengdu Sichuan Provincial Service in Mandarin 2330 GMT 24 Apr 87

[Text] In his government work report delivered at the fifth session of the Sixth Provincial People's Congress, Governor Jiang Minkuan explicitly stated the guiding ideas and goals of endeavor in developing the province's economy this year.

He said: The main targets for the province's economy this year are as follows: Industrial and agricultural output value to grow by 6 percent over last year; grain output to rise by 1 billion to 1.5 billion kg; and financial revenue to rise by 7.9 percent.

In all our economic work, we must place the strengthening of agriculture in an important strategic position. We must act in accordance with the objective law calling for the scale of construction to suit the national strength, establish growth in consumption on the basis of the development of production, and uphold the principle of living within our means. We must guard against tendencies to chase blindly after excessive growth rates.

We must unswervingly and fully promote structural reforms, and ensure that the extensive and deep-going drive to increase production and practice economy and increase revenue and cut spending runs through the entire process of construction and reform. By carrying out the correct guidelines on construction, we will be able to bring about a brand-new situation in our economic development.

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CSO: 4006/679

SICHUAN PLANNING CHIEF REPORTS TO PEOPLE'S CONGRESS

HK250327 Chengdu Sichuan Provincial Service in Mandarin 2330 GMT 24 Apr 87

[Text] On the morning of 23 April, Pu Haiqing, vice governor and director of the provincial planning and economics commission, delivered a report to the fifth session of the Sixth Provincial People's Congress on the draft plan for the province's economic and social development in 1987.

On the implementation of the 1986 economic and social development plan, Pu Haiqing said that the goals for the first year of the Seventh 5-Year Plan, which were discussed and approved by the fourth session of the Sixth Provincial People's Congress, have been basically achieved.

The general tasks in the province's economic and social development plan for 1987 are to uphold the principle of reform, opening up, and invigoration, focus efforts on achieving all-round improvement of economic results, launch an extensive and deep-going drive to increase production and practice economy, strive for sustained, steady, and coordinated development of the national economy, and lay a good foundation for fulfilling and overfulfilling the Seventh 5-Year Plan.

Comrade Pu Haiqing said: To ensure the all-round fulfillment of this year's plan for economic and social development, it is essential to make proper arrangements in eight respects, including continuing to get a good grasp of grain production, achieving all-round development of rural commodity economy, and vigorously readjusting the mix of industrial products to meet market requirements.

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CSO: 4006/679

XINJIANG'S ECONOMIC DEVELOPMENT STRATEGY OUTLINED

HK270951 Beijing LIAOWANG in Chinese No 15, 13 Apr 87 pp 23, 24

[Article by LIAOWANG reporters Lin Tian (2651 1131) and Ding Wen (0002 2429): "A General Talk on the Strategy for Xinjiang's Economic Development--an interview with Song Hanliang, secretary of the CPC Committee of the Xinjiang Uygur Autonomous Region"]

[Text] In recent years, when discussing the development of China's western regions, economists have always shown great concern about Xinjiang. What is now going on in Xinjiang's economic development? What steps are to be taken next in its development and construction? One Sunday afternoon we arrived on invitation at the office of Song Hanliang, secretary of the Autonomous Regional Party Committee, and asked his comments on these questions.

Strive for Better Performance

"The questions you raised are precisely questions on which I have been pondering much in the past year or so. I have come out with some ideas but they have not gone through the process of democratic and scientific policy making and collective discussion by the Party Committee." With these remarks, Song Hanliang began his conversation.

Song Hanliang, just over 50, assumed the posts of chief petroleum geology engineer and vice chairman of the government of the autonomous region. He is both accustomed to thinking in a well-organized way as a scientific worker and good at grasping the essentials of problems from a higher plane. He has been secretary of the Autonomous Regional Party Committee just for one year or so, but it seems that he has had systems engineering for the region's economic development.

He started his conversation with the situation and tasks lying ahead of Xinjiang. He said: The Sixth 5-Year Plan was the best period in history for the region's economic and social development. During the plan period, the region's industrial and agricultural output value increased at an average rate of 12.2 percent a year, which can be considered fast. Moreover, the region made significant progress in two areas of endeavor: Social order and the nationality relationship moved from a state of confusion to one of stability and unity, and the living standards of the urban and rural population improved considerably and, in particular, the region became more than self-sufficient

in grain. Moreover, the amount of goods shipments from Xinjiang surpassed that of goods shipments into the region.

When coming to this point, Song Hanliang pointed out: During the Sixth 5-Year Plan, Xinjiang's economic situation was very good, but this does not necessarily mean that the gap between the region and the economically developed interior areas of the country has been narrowed. Considerable agricultural and pastoral areas in the region are still in strained circumstances. For example, last year, people with an average per capita income of under 200 yuan constituted half of the 4 million population in the southern areas of Xinjiang, including Hetian and Kashi Prefectures, and Kizilsu Kirgiz Autonomous Prefecture. The average per capita income of people in the region's pastoral areas was lower than that of people in the agricultural areas. The living standards of herdsmen improved slowly. Some employees of the production and construction corps and their families had not yet risen from poverty. We must soberly recognize these problems. So, generally speaking, the situation was good during the Sixth 5-Year Plan. We are determined to scale new heights during the Seventh 5-Year Plan. This being the case, people all hope that Xinjiang will perform better during the Seventh and Eighth 5-Year Plans.

A Strategy of Developing Ground Resources First and Underground Ones Second

What strategic policy should be adopted in developing and building Xinjiang? Where should we start? After pondering for a while, he explained: According to our subjective desire, the best thing is to develop both ground and underground resources simultaneously. However, in reality, this goal cannot be achieved in the near future and at least during the Seventh 5-Year Plan, in part because in terms of the nation's development layout, it is impossible to confine the focus of national construction to Xinjiang in a short time. In part, this is because the advance preparation necessary for the development of the region's underground resources on a large scale are resources prospecting. Under these circumstances, we must keep a clear head and work out a strategy of developing ground resources first and underground ones second in light of Xinjiang's actual conditions. In other words, during the Seventh 5-Year Plan, priority should be given to the development of ground resources and, if conditions permit, efforts should then be made to develop both ground and underground resources simultaneously. The strategy has four tasks and requirements.

First, among other things, efforts should be made to develop agriculture in a broader sense and the light, textile, food, and other industries using agricultural and animal husbandry products as raw materials as the main body of the economy and to effectively bring efficiency to these economic sectors.

Second, if conditions permit, efforts should be made to develop and utilize underground resources, but the focus should be centered on prospecting resources to lay a sound foundation for the large-scale development in the next period.

Third, to meet the needs of the development of agriculture in a broader sense and of light, textile, food, and other industries and to create conditions for

the large-scale development of underground resources, we should stress the construction of infrastructure in communications and transport, energy industry, and water conservancy and vigorously carry out the construction.

Fourth, energetic efforts should be made to develop culture, education, and science and technology; to upgrade the quality of personnel; and to do a good job in training qualified people for the overall and large-scale development in the coming period.

In Song Hanling's opinion, of the four tasks, the first is the "faucet." The reason is that in terms of Xinjiang's current natural conditions and industrial and agricultural structures, it is of most practical significance to put in the first place the development of agriculture in a broader sense and the light, textile, and food industries using agricultural and animal husbandry products as raw materials. He said: Of Xinjiang's gross value of industrial and agricultural production in 1985 with the output value of enterprises under the jurisdiction of central authorities being deducted, the output value of agriculture in a broader sense and the industries using agricultural and animal husbandry products as raw materials constituted 80 percent. There can hardly be any significant change in this economic structure in a short time. Moreover, it must be noticed that at the present stage, the implementation of the development strategy that gives priority to agriculture in a broader sense and the industries processing agricultural and animal husbandry projects has the following tangible advantages: 1) The strategy requires less investment outlay but promises quick and high results. 2) It can directly raise the income of farmers and herdsmen and help the masses with economic difficulties shake off poverty and become prosperous earlier. 3) It can help create richer material and cultural conditions for overall development in the next period.

Old Road, New Contents

Song Hanliang said: Taking agriculture in a broader sense and light, textile, and other industries as the focal point of economic development can be considered an old road in Xinjiang, but the ways of doing things in the new period are considerably different from those in the past. In his opinion, as far as agriculture in a broader sense is concerned, the road to follow during the Seventh 5-Year Plan has three tasks and requirements.

First, while ensuring the region will be more than self-sufficient in grain, we should bring the strong points of superior products into the fullest play. First of all, we should vigorously develop animal husbandry and put it in a higher position. In the farming industry, we should further develop the production of cotton, sugar beets, melons and fruit.

Second, we must make upgrading the quality of these superior products the main phase of attack. We must concentrate on raising their grades.

Third, all agriculture in a broader sense as a whole should be modernized and commercialized. During the Seventh 5-year Plan, efforts should be made to establish a number of production bases for high-quality industrial crops and animal husbandry products.

While further expanding their capacity to process, the light, textile, food, and other industries using agricultural and animal husbandry products as raw materials should concentrate on raising product grades and production levels, refrain from "extending" use of old technologies and production of old products, and strive to turn out high-quality brandname products unique to Xinjiang.

From Preliminary to Intensive Development

Song Hanliang analyzed the above mentioned idea thoroughly layer by layer. To make the road a success, both agriculture and animal husbandry should undergo a process of modernization and commercialization. What counts in this regard is whether light, textile, food, and other processing industries can be modernized; whether high-quality agricultural and animal husbandry products can be processed into brandname, high-quality, special, and compact, light, and high-value serial products; and whether these serial products can enter world markets. If we do not develop processing industries and just sell raw materials, our raw materials will go nowhere, and even if we managed to ship them from the region, we could hardly become prosperous by selling raw materials. If we fail to process our products and to upgrade their quality, our products will be in no position to compete with others' products and to enter world markets because of our long shipment lines. Similarly, we will be unable to reach our goal of prosperity through increasing production. In 1986, Xinjiang produced 1.5 million metric tons of melons and fruit. Xinjiang, whose population comprises only 1.3 percent of the nation's total, earned out more than 20 percent of the country's total output of melons and fruit. However, handicapped by transport facilities, by the end of 1986, just 300,000 metric tons of melons and fruit had been shipped from the region. Only a small portion of the harvest was processed and sold abroad. A considerable portion was thus wasted. If this situation is not changed and if we fail to concentrate our efforts on improving product quality and in particular, on fine processing, even if there is more to harvest, it will be "beyond our power to handle" and superior products will thus become inferior ones.

In conclusion, Song Hanliang said: To implement this strategy during the Seventh 5-Year Plan, the following issues should be tackled: 1) The issue of police: The state's investment and construction layout takes the form of a ladder spanning from east to west. This being our general principle on investment and construction, we should relax our policies a little in the western remote border areas and give them special treatment, instead of demanding uniformity in resolving diverse problems, to arouse the enthusiasm of local authorities and people. 2) The issue of transport facilities: If Xinjiang's transport facilities are not improved, there can hardly be any significant improvement in its economy. The method to use is to give play to the initiative of local authorities to independently operate their aviation and railroad undertakings under the support of the state. 3) The issue of inaccessibility: There are some outdated things in such areas as production, operation and management, and the people's way of life and concepts of value that present a drag on the region's intensive development. Although in the last few years there have been great changes in these aspects, painstaking work is still needed.

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XINJIANG LEADERS SPEAK ON ECONOMIC UNDERTAKINGS

HK290854 Urumqi Xinjiang Regional Service in Mandarin 1200 GMT 27 Apr 87

[Excerpts] After spending four days conducting serious and scientific discussions and (?appraisals) of research achievements in the strategy for developing the three major economic undertakings of our autonomous region—namely, animal husbandry, cucurbit and fruit, and cotton—a number of experts and relevant leaders this afternoon examined and approved the research achievements at a meeting in Urumqi.

The research on the strategy for developing animal husbandry, cucurbit and fruit, and cotton, the three major economic undertakings of our autonomous region, were conducted under the unified leadership of the autonomous regional leading group.

Attending and addressing the meeting for examining and approving the research achievements were Song Hanliang, secretary of the Autonomous Regional Party Committee; Zhang Sixue, deputy secretary of the Autonomous Regional Party Committee and head of the autonomous regional leading group for research on the region's three major economic undertakings; and Li Jiayu, vice chairman of the Autonomous Regional People's Congress Standing Committee. In their speeches at the meeting, they fully affirmed the research on the strategy for developing animal husbandry, cucurbit and fruit, and cotton, the three major economic undertakings of our autonomous region, saying that the research has provided systematic and scientific bases for macro policy decisions to be made by the Autonomous Regional Party Committee and Autonomous Regional People's Government on the economic development of our autonomous region.

More than 40 people attended the meeting, including representatives from the Autonomous Regional Scientific and Technological Commission, the Autonomous Regional Departments of Animal Husbandry, Agriculture, and Light Industry, and the Autonomous Regional Academies of Agricultural Sciences and (?Animal Husbandry.)

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XIZANG HOLDS ENTERPRISE REFORM CONFERENCE

HK290903 Lhasa Xizang Regional Service in Mandarin 1300 GMT 27 Apr 87

[Excerpts] A regional enterprise reform conference held by the Regional People's Government opened grandly in the auditorium of the Regional Communications Department on the morning of 27 April.

Regional party and government leading Comrades Raidi, Doje Cering, Basang, Dangzin, Puqung, Gyamco, and Gyibug Puncogcedain, and Yang Zongxi, adviser to the Regional People's Government, attended the opening ceremony. Doje Cering, chairman of the Regional People's Government, delivered an important speech. Puqung, vice chairman of the Regional People's Government, presided over the conference.

Doje Cering's speech was divided into four parts. 1) A brief situation report on the region's enterprise reform. 2) The urgency for deepening enterprise reform. 3) The focal point of this year's enterprise reform. 4) Effectively strengthening leadership over enterprise reform.

After making a brief review of the situation in the region's enterprise reform, he talked about the urgency for deepening enterprise reform. He said: [Begin recording] The success or failure of enterprise reform is a prime issue concerning the success or failure of the region's economic and social development. What is the status quo of enterprises in the region? Some enterprise have such defects as [words indistinct]. This situation must be thoroughly and swiftly changed. The problem now is that we must remove various obstacles, and actively, prudently, and steadily, carry out enterprise reform. Through reform, the enterprises can really become the region's main economic force and make contributions to Xizang's economic and social development and to enriching the people in Xizang as soon as possible. [end recording]

On the focal point of this year's enterprise reform, Comrade Doje Cering said: [Begin recording] 1) We must treat delegating powers to enterprises as an important task for deepening reform and invigorating the enterprises and must grasp it firmly. 2) We must speed up the building of new leading groups of enterprises. 3) We must endeavor to create conditions for enterprise reform. Planning material, finance, price, banking, tax, industrial and commercial administration departments must vigorously support enterprise reform and give the green light to and create conditions for enterprise reform. 4) We must be

determined to improve the operational system within enterprises and do our utmost to tap their potential.

Party Committees and Governments at all levels must lead the people of various nationalities, cadres, staff, workers, and scientific and technological personnel to boldly practice, to blaze new trails, to prudently and steadily conduct enterprise reform, and to promote the development of the region's economic work. [end recording]

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COMMENTARY CALLS FOR BANKS TO IMPROVE SERVICES

Beijing JINGJI RIBAO in Chinese 9 Apr 87 p 2

[Unattributed commentary: "Banks Should Compete to Improve Services"]

[Text] As reform of the economic system proceeds, many different types of financial institutions are being established. The introduction of a suitable degree of competition among financial institutions, while maintaining a basic division of labor and an appropriate overlapping of business activity, is the necessary result of the development of a commodity economy. Competition permits mutual promotion and joint development, and makes it possible to achieve the goal of financial prosperity and better serve the four modernizations.

However, one current phenomenon merits attention. In launching business competition, financial organizations are violating policy, leading to a lack of concern for economic results. For example, some are blindly increasing their staff and number of branches; others are raising interest rates on deposits at will, or, in the name of "invigoration," are recklessly giving out material incentives; still others are seeking an advantage by pushing down interest rates on loans and casting aside the principle of credit, and so on. Effective measures must be taken to counter this and put a halt to such practices. Reform of the financial system will otherwise be hindered, which would impact healthy economic growth.

We are a socialist country, and the various business activities of banks are ultimately intended to serve the development of the socialist economy. Business competition among socialist banks seeks the same goal, and hence it should be carried out as part of a uniform policy and within a certain range. Basically, the key to successful competition is whether it can provide optimum services to clients, and whether it can create first-rate service standards. Whoever provides the best service will be able to attract customers and will have the most vigorous business. Conversely, whoever provides poor service will lose customers and gradually experience deteriorating business. Therefore, every means should be used to improve service and open up new areas of service; this is what competition among China's financial organizations means. If this point is forgotten and policies are violated, with every bank going its own way, the goal of competition will not be reached, creating chaos in the financial markets and hindering economic development.

In a certain sense, competition is also a sort of contest. In addition to contest rules, appropriate refereeing is needed, so that violators of the rules are subject to penalties. The concerned departments should increase their coordination and management of competition and must have economic, administrative, and legal management procedures to ensure healthy development of competition.

TRANSREGIONAL STEEL-COAL JOINT VENTURE REPORTED

Shenyang DONGBEI JINGJI BAO in Chinese 3 Mar 87 p 1

[Article by staff reporters Wang Wenku [3769 2429 1655] and Wang Dawei [3769 1129 3634]: "Steel Capital and Coal City Form Joint Steel-Coal Venture"]

[Text] An agreement on the establishment of the Northeast Heshan Iron and Steel Complex, a joint coal-steel venture formed by Anshan City, Anshan Iron and Steel Co, Qitaihe City, and Qitaihe Mining Bureau, was signed in Harbin on 23 February. Leading comrades of the four units signed the agreement on behalf of the two sides. Before this, negotiating teams led by Liu Zhongli [0491 0112 5668], vice governor of Heilongjiang Province, and Li Huazhong [2621 5478 1813], president of Anshan Iron and Steel Co, had held talks for 3 days. At the signing ceremony, Hou Jie [0186 2212], governor of Heilongjiang, expressed the hope that the two sides will work together to make the joint venture a success. He said that the provincial government will support the joint venture in every possible way.

There is a long-standing good relationship of cooperation between Heilongjiang, which has plenty of coal but little iron and steel, and Anshan, which produces a great deal of iron and steel but needs coking coal. Qitaihe, a new coal mining area regarded by the state as a major development project, produces a variety of coals. Its annual output will increase to more than 8 million tons toward the end of the Seventh 5-Year Plan, and to 10 million tons during the Eighth 5-Year Plan. The Anshan Iron and Steel Co is now under renovation and expansion to increase its iron and steel production capacities. In their development, both are faced with transportation problems. After consultations and negotiations, the four parties on the two sides pooled their resources and formed an iron and steel complex, a state-owned joint-stock company, in Qitaihe City. Using railway cars running between Qitaihe and Anshan, coking coal will be delivered to the Anshan Iron and Steel Co, and iron will be delivered to Qitaihe for steelmaking, thus meeting the production needs of both sides.

The Northeast Heshan Iron and Steel Co will have sintering, coking, steelmaking, lime, oxygen, power, and water plants. These major construction projects will take 2 years to complete. When completed, the complex will produce about 150,000 tons of continuously cast steel billets and other related products a year, all to be used in Heilongjiang Province. It will also supply Qitaihe City with 130,000 tons of slag and part of the gas for household use. The company is funded in four equal shares, two shares on each side, and profits will be divided evenly. The construction work is undertaken by units under contract agreed to by both sides of the company's owners to ensure early completion.

PRODUCTION OF MARKETABLE QUALITY GOODS STRESSED

Shenyang DONGBEI JINGJI BAO in Chinese 3 Mar 87 p 2

[Article by Fang Zhizhao [2455 0037 2507], director of the Liaoning Provincial Department of Machine-Building Industry: "The Best Way To Increase Production and Practice Economy Is To Make Readily Marketable, High-Quality Goods"]

[Text] The key to the success of the campaign to increase production, practice economy, raise revenues, and reduce expenditures now unfolding among industrial and transport enterprises is to readjust the product mix and produce readily marketable, high-quality goods.

Since last year, industry has been saddled with a steadily growing inventory of unsold goods. Increase in output value or the quantity of goods does not prove that the goods offered by the producers are what the public wants. It is really good only when products are being sold and used, and there is a reasonable quantity in stock to keep the circulation going. A reasonable, normal stock of goods indicates the basic balance between the total supply and total demand. An excessive increase of goods in stock can lead to economic stagnation and seriously hinder economic growth. Only with a basic balance between supply and demand is it possible to make the most effective use of manpower and material resources, reduce waste to a minimum, and bring increasing economic returns to both society and enterprises. But, when unsold goods pile up in storage while new supplies keep coming in, continued production is only a waste of money and manpower.

To solve the problem of overstocking, leading comrades in economic management departments at all levels should follow the correct guiding principle and resist the tendency to put too much emphasis on speed and concentrate on quantity and output value alone. They should make economic results (for society and for the enterprises) the main yardstick for measuring the performance of the enterprises and use it to control and supervise their economic activities.

The machinery industry has a particularly pressing need to adopt a series of effective measures to constantly readjust its product mix. In Liaoning, for example, the stock of finished products increased 39.6 percent from 1985 to 1986. Some were items produced on orders, but delivery could not be made yet or was postponed. Some were unwanted products, due to inaccurate market forecasts or because the investment direction of the economy had changed. The

machinery industry must have accurate market information, constantly readjust its product mix, and increase its capacity to adapt to changes. Only in this way can the industry keep meeting society's demands and achieve its own healthy development. In readjusting its product mix, the machinery industry must base itself on the current market demands and, at the same time, keep in mind the potential market demands for high-tech products. Specifically, attention should be paid to work in the following areas:

1. It is necessary to further promote brand-name, high-quality, and new products and increase their proportion in the production of the machinery industry as a whole. A new type of enterprise groups of a higher technical level should be formed between manufacturers of brand-name or high-quality products and enterprises with certain production capacities with the former playing the leading role to promote large-scale, socialized production.

At the same time, attention must be paid to constantly improving the standards of the brand-name and high-quality products themselves. Otherwise, these products may lose their appeal and marketability, affecting not only their own manufacturers but all the supporting enterprises.

2. It is necessary to speed up the development of new products and readjust the technological level of the product mix. At present, some enterprises are operating below capacity, while various types of equipment required by the economy remain unavailable and have to be imported. This is a fatal weakness of the machinery industry. In readjusting the product mix, we must improve the technological standards of the products with definite purposes and in a planned way to meet the urgent needs of various economic sectors and to conditions for opening up potential new markets.

3. It is necessary to expand the field of services and strive to serve more consumers. The machinery industry has a very narrow service field at present with a lot of self-imposed restrictions. From now on, in addition to the existing services, the machinery industry should serve the needs of the communications, transport, harbor, food, packing, construction, decoration, and other trades and departments. Instead of joining the race in crowded fields, the machinery industry should get into fields which receive little or no attention and develop new types and categories of machinery products.

4. Efforts should be made to expand exports and readjust the ratio between international and domestic markets. Attention should be paid to developing new outlets, new customers, and new varieties and to increasing the proportion of export products.

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VIGOROUS DEVELOPMENT OF LIAONING'S IRON, STEEL INDUSTRY

Shenyang DONGBEI JINGJI BAO in Chinese 14 Mar 87 p 2

[Article by Li Rui [2621 3843]: "Liaoning Should Vigorously Develop the Iron and Steel Industry"]

[Text] Liaoning is one of China's iron and steel industrial bases. It has made important contributions to China's economic development in the past 30 years and more. Recently the province set a goal: to build up the iron and steel industry in three steps during the next three 5-year plans so that steel output will double by the year 2000 to more than 20 million tons annually. This is needed for the country's four modernizations drive and for the economic development of the northeast region in the new historical period. It is the unshirkable duty of the metallurgical industry in Liaoning.

Whether Liaoning's iron and steel industry should be developed in a big way is a question people have been contemplating, exploring, and debating in the past few years.

In developing the national economy, especially with the growing scale of major projects and capital construction, domestic steel production is falling far short of meeting the economic and social demands. The state has to spend large sums of foreign exchange to import urgently needed steel materials. The steel shortage cannot be eased in a short time. Therefore, the state has set the goals of increasing annual steel output to 60 million tons toward the end of the Seventh 5-Year Plan and to 80 million tons in 1995. A big country with a population of 1 billion, China will require 100 million tons of steel each year by the end of the century. To promote the development of the iron and steel industry, the central government has adopted the policy of making the development of the iron and steel industry everyone's business and will also use foreign capital to step up steel production and reduce imports. Being China's oldest and largest iron and steel base, Liaoning should make new and greater contributions to developing the iron and steel industry.

In the past, people were concerned that vigorous development of the iron and steel industry in Liaoning could aggravate the northeast region's energy shortage and transport problems and throw the region's economic development out of balance. In the past few years, the state has made vigorous efforts to develop energy sources and transport facilities, and the situation has changed

and will continue to change. The metallurgical industry in Liaoning has also developed ways to save energy and increase production. As far as the northeast economic region is concerned, the coal, power, transport, and water resources required for developing Liaoning's iron and steel industry are now available, and the vigorous development of Liaoning's iron and steel industry will not be achieved at the expense of other industries in the northeast region. The vigorous development of the iron and steel industry will certainly give added impetus to the great economic development and prosperity of the northeast region as a whole.

For the development of the iron and steel industry, Liaoning has favorable conditions unmatched by any other region. Liaoning has a full range of metallurgical industrial facilities and abundant mineral resources. It is self-sufficient in various important minerals and well-equipped in every link of the production chain. An integrated, independent iron and steel industrial system has already been formed. The Anshan, Benxi, and other large and medium-sized iron and steel enterprises enjoy strong advantages in trained personnel, technology, and management. Liaoning also has strong research, designing, construction, and educational institutions in the metallurgical field. To increase steel production by renovating and expanding Liaoning's iron and steel enterprises, the investment per ton of steel is only three-fifths of that by building new plants in some other areas. Therefore, it is cheaper and faster to develop the iron and steel industry in Liaoning, and the economic results will be better.

The Liaoning Provincial CPC Committee and the provincial government attach great importance to developing the iron and steel industry. The provincial department of metallurgical industry has organized experts, scholars, cadres, workers, and staff members to constantly discuss and appraise the development strategy for the province's metallurgical industry. They have formulated plans for the development of the iron and steel industry during the next three 5-year plans, proposed measures for their implementation, and strengthened management. At present, the renovation and expansion plans for most of the key metallurgical enterprises have been put into effect, and the projects are making smooth progress. In a few years the renovation and expansion projects will be completed and put into production, and they will produce results. The great goals for developing Liaoning's iron and steel industry assuredly will be achieved.

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PROBLEMS IN DEVELOPMENT OF TOWNSHIP ENTERPRISES

Beijing JINGJIXUE ZHOUBAO in Chinese 22 Mar 87 p 3

[Article by Zou Fengling [6760 7685 1545]: "Reflections on Some Problems in the Development of Township Enterprises"]

[Text] In the last few years township enterprises have developed quickly, but at the same time many problems urgently need to be solved. We therefore undertook an on-site inspection of township enterprises in various prefectures and at various degrees of development in Zhejiang and Jiangsu provinces. We believe it necessary to reflect on some of the problems of these enterprises so as to open up our thinking and find a new path for township enterprises that conforms to reality.

1. Should the collective economy be emphasized as the primary component of economic ownership? In the area of southern Jiangsu where township enterprises got an early start, they have reached quite a high level; they are relying on collective forces to continue developing, and their adoption of a model centering on the collective economy is an irreversible orientation. However, the collective component should not be imposed on those areas where the economic foundation is weak; either the individual economy should predominate, or the collective and individual economies together should serve as the guiding policy for developing township enterprises. In this way, township enterprises may be able to develop more rapidly. This is because the forces of the collective economy in such areas are inadequate, lacking capital, skilled personnel, technology, and products, making it extremely difficult to set up a collective enterprise. A significant number of the collective township enterprises set up in some areas have turned away from the direction of "people-run" enterprises; there is no separation of government and enterprise, and enterprises lack autonomy, so that there is still ponderous egalitarianism in distribution, and economic results are poor, which makes them not very attractive to the masses of peasants. This has already become a factor making it difficult for collective enterprises to develop. Developing these enterprises requires learning from the successful experience of rural household operations, and varied economic forms should coexist. In backward areas, individual and joint-household enterprises should be started first. Experience has shown that individual enterprises save on investment, get under way quickly, offer good benefits, are highly adaptable, and provide direct economic benefits, among other advantages, and they are able to mobilize the

enthusiasm of masses of households and skilled individuals. This is a tremendous force, and a new force in township enterprises that cannot be overlooked. Wenzhou has been following this route.

2. Should market mechanisms be among the operational mechanisms applied to develop township enterprises? We should definitely pay attention to production, but it cannot be used to replace circulation. Applying market mechanisms is certainly another way to develop township enterprises, and in the development of township enterprises industry can carry along commerce, and commerce can promote industry. In areas where no capacity has been developed for producing industrial products, it is possible to start in the area of circulation, first developing commerce, so that an advantage can be created just the same. This point is clearly illustrated by the villages in Wenzhou, which rely on specialized markets, with suppliers and marketers as their backbone and with circulation giving impetus to the development of production. It is the commodity economy that makes township enterprises work; paying attention only to production is woefully inadequate, and we must pay attention to applying market mechanisms. This is because a commodity economy is a socialized economy, an exchange economy, a market economy, a value economy. Peasants promote the formation of a commodity economy through circulation, and in turn the development of township enterprises and a social division of labor are promoted. In commodity exchange, the law of value is relied on to maintain relations among enterprises, thereby making it possible to bring about a new situation in the development of township enterprises. At the same time, commodity circulation in China is still not vigorous. For one thing, many industrial products are overstocked because they were not circulated to markets where they could sell; for another, there is still a sharp conflict between social demand and supply, and this requires that peasants get into the area of circulation. Therefore, we must get away from using only productive mechanisms and broaden our policy, adapting it to individual and local conditions, encouraging peasants who have economic and commercial skills and organizing networks of commercial services with multiple functions including providing information, production guidance, purchasing, storage, processing, and marketing. We must launch circulation activity so that peasants can achieve material benefits by using market mechanisms and get rich through commodity circulation.

3. In terms of distribution of economic interests, should we emphasize "The state gets most, the collective gets less, the individual gets least"? There should be some updating of our concept of the question of distribution in developing township enterprises. We should look at the reality of township enterprises and correctly determine distribution ratios according to facts, beginning with what will be helpful in mobilizing enthusiasm. The form of distribution in which "the state gets most, the collective gets less, the individual gets least" which the state applies to whole-people and urban collective enterprises cannot be copied mechanically in township enterprises. This is because township enterprises rely on a market economy; for raw materials, products and marketing they rely mainly on market regulation, with very few things supplied through state plans. Operating risks are borne by the peasants themselves who work in these enterprises, and only when the enterprises and individuals get the biggest share can the principle of distribution according to work be realized, peasant enthusiasm for getting

rich be better mobilized, and more reserve strength be created for developing township enterprises.

4. In accumulating original capital, should township enterprises rely on state loans and financial support? Development of township enterprises should rely directly on the strength of the villages themselves for increasing capital-accumulation capacity; acceleration of the original accumulation of capital should be achieved by increasing the capacity for capital accumulation. If we fix our eyes on the state while developing township enterprises, hold out our hands to the state and rely entirely on its loans and support, we shall never get established. There is tremendous potential for the rural accumulation of capital, and we should exploit this through varied means and channels. For example, we should go all out to develop individual and joint-household enterprises, and take advantage of the funds collected by the multitude of peasant households; we should open rural financial markets, allow nongovernmental loans and lending and mutual aid by individuals, and fund-raising by enterprises, so that idle social capital can be reasonably developed and used. Beginning with small amounts of individually raised capital, followed by self-accumulation, we shall be able to continue to expand production capacity. Of course, the state should also look at the actual demand for circulating funds created by the rate of increase in township enterprises and appropriately increase the amount of its loans each year, so as to increase the capacity of these enterprises to circulate funds.

5. In terms of enterprise distribution, should factories be run and trade conducted only according to administrative divisions?

Distributing township enterprises according to administrative divisions has many limitations. Many towns and townships are located where communications are still not very good, and villages and peasant homes are located where communications are even more closed off. In these areas information travels slowly, and advantageous geographical conditions are lacking for both industry and trade. At the same time, the scattered distribution of township enterprises also poses major difficulties for people in commodity circulation, interpersonal contact, technical exchanges, etc. For this reason, development of township enterprises must focus on the appropriateness and modernity of the location of township enterprises; they should be concentrated in market towns where communications are well developed and other conditions are relatively good. This is because market towns serve as support for development of a commodity economy and as a bond between city and countryside; they are a base for rural development of production, a market where commodity exchange is carried out, a necessary place where peasants can get information and technology, and a vast field where peasants can engage in secondary and tertiary industry. The prosperity of market towns and the urbanization of villages are signs of modern civilization. Concentrating township enterprises makes it possible to form developed commodity markets with greater capacity for picking up energy radiated out by the cities, thereby providing impetus for development of the surrounding rural economy. Therefore, we must break through the restrictions of administrative divisions and encourage rural collective and individual enterprises to be set up in market towns with good communications and timely information that are able to offer better economic results, where peasants can run factories, engage in trade, and pursue secondary and tertiary industry.

HEBEI ESTABLISHES ECONOMIC COORDINATIVE ZONE WITH BEIJING

SK282240 Shijiazhuang HEBEI RIBAO in Chinese 16 Apr 87 p 1

[Text] Hebei Province formally established the Yunnan Economic Coordinative Zone with Beijing Municipality on 15 April, which comprises a number of areas of Beijing Municipality and of northern Hebei. This is another fruit scored by the province and the municipality in setting up lateral economic associations after the establishment of the Yanbei Economic Coordinative Zone in July 1986.

The Yunnan Economic Coordinative Zone comprises eight districts and counties of Beijing Municipality, including Chongwen, Fengtai, and Xuanwu Districts and Fangshan, Tongxian, Daxing, and Pinggu counties; as well as 52 counties (cities) under Tangshan and Qinhuangdao cities and Booding and Langfang prefectures in the province. These areas not only occupy an outstanding and important geographical position but also have a close historical relationship. The establishment of the Yunnan Economic Coordinative Zone will play a tremendous role in developing Beijing's strong points of talented personnel, science and technology, markets, and information; and in making the best use of the province's excellent environment in which there are abundant material sources, vast land, and outstanding development conditions to promote economic prospects in the zone, to bring into play the superiority of the zone as a whole, and to achieve common prosperity.

The leading comrades of the CPC Central Committee and the State Council have attached great importance to the establishment of the Yunnan Economic Coordinative Zone and actively supported the establishing project. The leading comrades of Beijing Municipality and Hebei Province have also paid great attention to the establishment of the zone. Attending the inaugural ceremony of the zone were leading comrades from the departments concerned under the State Council and from the municipal organs as well as responsible comrades from the provincial departments concerned. More than 200 representatives of the municipality and the province attended the inaugural ceremony.

The establishment of the economic coordinative zone represents the inevitable outcome of deepening the drive to set up lateral economic associations and has been done in line with the principle in which prefectures, cities, counties, and districts throughout the zone are equal in carrying out consultations

and voluntarily make efforts to achieve mutual benefit and common development and prosperity. These areas represent an open economic and technical organization with scattered cooperative or coordinative centers and units. The zone will enforce the special policy on preferential treatment in itself and do a good job in vigorously formulating coordinative plans to further rationalize economic arrangements and to accelerate the pace of development and commodity circulation throughout the zone.

After the establishment of the economic coordinative zone, prefectures, cities, counties, and districts should begin to pay attention to making contacts among them, to exchange their work situation and information, and to carry out concrete talks on technical cooperation. A trade talk on technical cooperations opened after the inaugural ceremony, which will conclude on 16 April.

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CSO: 4006/671

NINGBO CITY BRIEFINGS IN SHANGHAI ON FOREIGN TRADE

OW250824 Hangzhou Zhejiang Provincial Service in Mandarin 0900 GMT 23 Apr 87

[Text] This afternoon, the Ningbo City People's Government held its first press briefings in Shanghai to introduce the city's projects of economic cooperation with foreign countries. More than 100 people attended the press briefings, including Li Zhaoji, Shanghai's vice mayor; Wang Daohan, director of the Shanghai Economic Zone Planning Office under the State Council; (Jia Zhengzhi), director of the Shanghai Chapter of the China Council for the Promotion of International Trade; responsible comrades of the departments concerned of the Shanghai City Government; and friends from the United States, FRG, Italian, and French consulates in Shanghai and offices of foreign firms in Shanghai.

In the past 3 years, Ningbo City has increased its contacts with all parts of the world; used more foreign funds to import technology; and promoted economic, technological, scientific, and cultural exchanges and cooperation with more than 50 countries and regions of the world. The city has signed contracts and closed transactions on 29 cooperative projects using Chinese and foreign investments, with total investment of 260 million yuan. The contracts involved \$38 million of foreign funds, and 16 of the 29 projects have been completed and put into operation, yielding fairly good results.

At today's news briefing, (Chen Zeliang), vice mayor of Ningbo City, described the present state of opening the city to the outside world. A responsible person of the city's commission for economic relations with foreign countries announced to Chinese and foreign friends and colleagues some 100 cooperative projects that showed great prospects.

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CSO: 4006/671

XIAMEN DESIGNATED ELECTRONIC PRODUCTION BASE

HK271446 Hong Kong ZHONGGUO XINWEN SHE in Chinese 0344 GMT 27 Apr 87

[Report: "Xiamen Designated as a Base for Producing Export Electronics Products"]

[Text] Xiamen, 28 Apr (ZHONGGUO XINWEN SHE)--Xiamen City, which has rapidly developed its electronics industry in recent years, has recently been designated as a base for producing export electronics products.

This reporter learned the news from an electronics technical cooperative conference now being held here. Some 48 research institutes, and universities and colleges under the Ministry of Electronics Industry have brought more than 220 projects in the hope that they will get cooperation partners in Xiamen.

During the mid-1950's, there were only three privately-owned radio assembly and repair cooperatives in Xiamen. Its electronics industry has mainly developed in recent years. Through importing advanced technical facilities and reforming old enterprises, the city has initially established [word indistinct] electronics industrial system with emphasis on the production of color television sets, radio/cassette players, video tape recorders, nautical instruments, multi-purpose telephones, and so on. Last year, more than 35 percent of the products entered the international market.

It is reported that at present there are 10 electronics industrial enterprises run solely by foreign capital and Sino-foreign joint ventures. Among them, the Huaqiao Electronics Enterprise Limited has 11 factories under it. Last year, these factories produced more than 10,000 color television sets, and more than 110,000 radio/cassette players for export. During the first quarter this year, enterprises run by foreign capital produced color television sets, computer telephones, tapes, electronic components, and so on for export, earning \$5 million foreign exchange.

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CSO: 4006/671

FINANCE, INVESTMENT AGREEMENTS WITH SWEDEN

Swedish Unit Grants Concessions

Stockholm SVENSKA DAGBLADET in Swedish 8 Apr 87 p 8

[Article by Lasse Asgard: "BITS--Secret Behind Swedish Third World Business"]

[Text] BITS is a secret within the Swedish Third World-assistance, but the competition with so-called soft credits has made the participation of BITS a necessity in several Swedish deals. Today China is the country where BITS is financing the most projects.

BITS stands for "Beredningen for internationellt tekniskt-ekonomiskt samarbete" (The Committee for International Technical-Economic Cooperation), and its participation makes China one of the largest recipients of Swedish Third World-assistance. It goes without saying that it is also advantageous for the Swedish companies to enter the Chinese market.

So far BITS has granted 22 credits to China in amounts of between 6 million and 100 million kronor, a total of 650 million kronor. It corresponds to 15 percent of BITS' available loan fund. Some examples of projects are:

A soybean milk plant in Wuhan, where Alfa-Laval is the major Swedish supplier. BITS participates with a credit of 13.7 million kronor.

Modernizing acarbide steel factory in Zhuzhou based on a contract between Sandvik and a Chinese factory. BITS participates with a loan of 99.6 million kronor.

The manufacture of teleprinters in Shanghai, where Philips Electronic Industries (PEAB) is delivering equipment and know-how. BITS has lent 13.4 million kronor.

The contracts with the Swedish companies have been brought home amid stiff competition from businesses in other countries, which also compete with "soft" loans.

"Our main competition in China is Japan, and they give extremely advantageous credits," says Ingemar Mjoman, who is responsible for Ericsson's trade with

China. Ericsson has received loans from BITS for a total of 130 million kronor. Furthermore, Ericsson has several projects under way, so the BITS-credits are expected to amount to about 300 million kronor.

This is what happens when BITS joins in:

The buyer in China pays 15 percent of the contract amount in cash. After that BITS lends the rest of the money for six years without interest or, for ten years with three percent interest. This means that, in practice, 20-35 percent of the sum is a pure gift. The rest is paid back.

Safe Credit Risk

"The reason that China is so attractive to BITS, is the fact that China is a safe credit risk compared to many other Third-World countries," says Ingvar Karlen, head of BITS.

"Furthermore, China has a fairly well-developed industry which makes Swedish industrial products attractive.

"Don't forget that China is a poor country with a GNP of 310 American dollars per inhabitant, it is therefore an important country to BITS."

Sweden's export to China amounts to about 1.5 billion kronor in one year alone. BITS, so far, has granted credits of 650 million kronor to China. This means that there are only certain investment projects that are eligible for BITS-loans. Procordia's hotel in Xian and Sweden's large pulp and paper export, for instance, do not fit the parameters.

Far Advanced

The sectors prioritized by BITS, together with its Chinese counterpart are paper and pulp industry, energy, transportation and communications, agriculture and forestry as well as telecommunications. I.e. areas where Swedish industry is far advanced.

"It has also happened that we have denied credits when a company proposes a general framework for various projects without giving closer definitions," says Karlen.

Of the 22 projects for which BITS has granted credits, eight are operational, six are estimated to be in operation during 1987 and the rest later. In some places, there have been delays, for instance in the case of the modernization of a paper mill in Beijing, where the plant is not fully operational.

Ingvar Karlen does not want to make an assessment of the activity in China.

Must Be Evaluated

"It is too early to tell. There are too many projects that are not far enough advanced.

"This year we will evaluate a part of the projects, among them Alfa-Laval's soybean milk factory and a fiber board plant in Heilongjiang."

Another part of BITS activity, is giving technical assistance in the form of consultants, research programs and courses. In all, 2,000 Chinese have taken various courses, arranged by BITS.

ASEA Anticipates Increased Investment

Stockholm SVENSKA DAGBLADET in Swedish 8 Apr 87 p 8

[Text] Beijing--ASEA (the Swedish General Electric Co.) counts on being able to increase its sales in China to between 400 and 500 million kronor this year. Last year, ASEA's sales were 240 million kronor, a strong decline from the year before.

This was said by Percy Barnevik, president of ASEA, last Monday. Together with BITS, ASEA is going to start an education and research center for high voltage direct current. The name of the center is the Sino-Swedish Power Transmission Development Center. An agreement about the center was signed in Beijing in connection with the official visit by the prime minister. By itself, this is not a big investment for ASEA, compared to the company's China-business, but the goal is, according to Percy Barnevik, "to eat into China" in order to get a foothold for ASEA's ideas about power transmission.

Barnevik says that there are enormous investments ahead for China. ASEA is carrying out this project in order to become a part of those investments. So far ASEA has lost two orders for about a billion, but he says that he is not too worried about it.

"I am pleased if our current business can grow up to 800 million kronor a year during a five-year period. Billion-kronor projects are enormously competitive today because of the Japanese, among other things.

"But of course I would accept a billion-kronor project every now and then."

Demand Exchange

In its business with China, ASEA is counting on help from its trading company, which has sales of 4 billion kronor per year. Of these sales, 500 million kronor are exchanges, where the countries demand that they be able to pay part of their import with products instead of money.

"Here in China, the exchanges can perhaps amount to 200 million kronor."

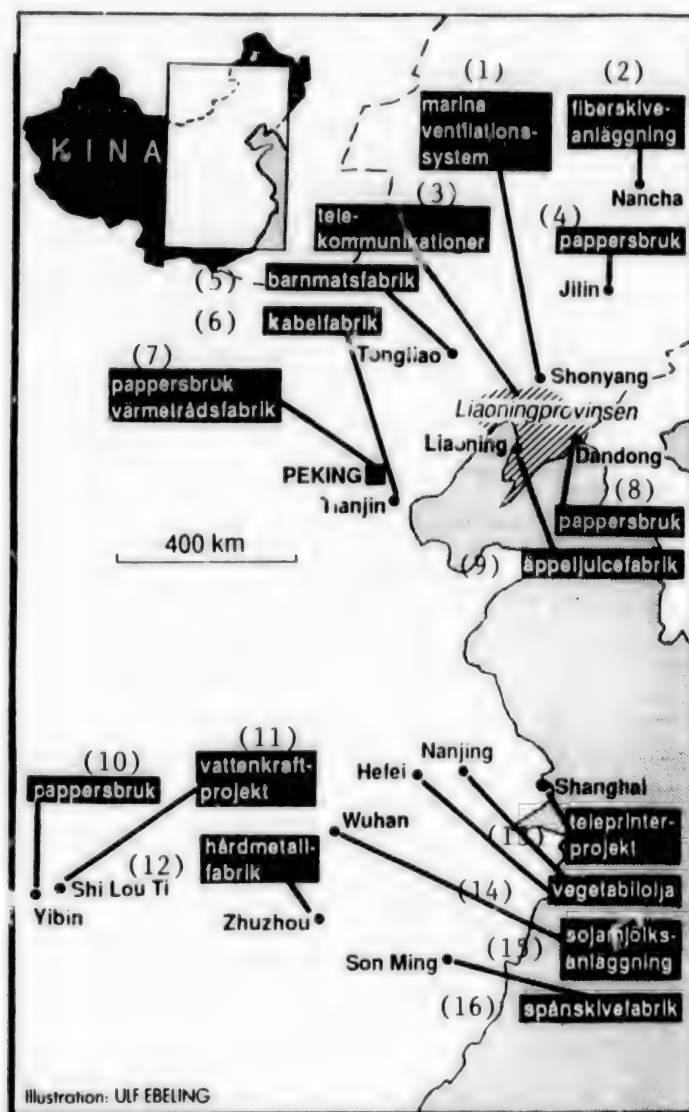
There are so many who believe that exchange actually never can become very popular in China, despite the fact that there is a great lack of foreign capital. The reason is, that different organizations, which exist on different hierarchal levels, have trouble communicating with each other.

"We have to take products from the same province that we are doing business in," says Barnevik. "Most of the time we work with coal and are trying to get into tungsten. But we also sell paper, even though the quality is not the

best. That is what we sell to the Third World, where the requirements are not as stiff as in the industrial countries."

Last Monday night it was agreed that ASEA is going to deliver hoists for coal mining to China for between 300 and 400 million kronor during a four-year period. Half of the hoists will be manufactured in Sweden, half of them in China.

In addition to ASEA's agreement, an agreement was also signed with SIDA (the Swedish International Development Association) about a ground improvement project in China. Another contract for 40 million kronor regarding paper sales was also signed, however, this is only a small part of Sweden's total pulp and paper export.



So far, BITS has granted 22 credits to China, in amounts between 6-100 million kronor, for a total of 650 million.

Key:

- | | |
|-------------------------------|---------------------------|
| 1. Marine ventilation systems | 9. Apple-juice factory |
| 2. Fiberboard plant | 10. Paper mill |
| 3. Telecommunications | 11. Water-power project |
| 4. Paper mill | 12. Carbide steel factory |
| 5. Babyfood factory | 13. Teleprinter project |
| 6. Cable factory | 14. Vegetable oils |
| 7. Paper mill | 15. Soybean milk plant |
| 8. Paper mill | 16. Particleboard factory |

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CSO: 3650/120

HEBEI OFFICIAL ON INCREASING EXPORTS

Shijiazhuang HEBEI RIBAO in Chinese 23 Mar 87 p 2

[Article by Yang Gengshen [2799 1649 3947], Deputy Director of the Hebei Department of Foreign Economic Relations and Trade: "Improve Economic Results, Increase Exports to Generate Foreign Exchange, Launch a Broad and Intensive 'Double Increase, Double Savings' Movement"]

[Text] In order to better adapt our foreign economic work to the situation of invigoration and opening to the outside, our overall guiding ideology in the "Double Increase, Double Savings" Movement should be to focus on improving economic results while concentrating on the two keys of expanding exports and strictly controlling losses, in order to handle more smoothly the relationships between invigoration and management, between generating exchange and costs, and between speed and reserve strength, thereby achieving the goal of increasing exports to generate exchange. With the two pricing systems constantly changing for the international and domestic markets, we must try every way possible to overcome our difficulties and ensure that the exchange-generating assignments given Hebei by the state are met, striving on the basis of staying within certain cost levels to realize our target of "guaranteeing eight and trying for nine" (\$100 million).

1. Implement an economic contract responsibility system in all the province's foreign trade enterprises. This year we want to implement an economic contract responsibility system in all the province's foreign trade enterprises. We should break down at the grassroots level the three indicators of exchange generated by exports, exchange conversion costs, and total profits and losses, and quickly contract them out to research departments, teams and groups, and individuals. Enterprises meeting and exceeding the profit plans will receive their shares according to the methods already established; enterprises exceeding their cost limits will not receive subsidies, while those remaining under them may retain the balance; losing enterprises will not receive subsidies if they increase their losses but may retain any reduction in losses. At the same time, we also want to promote a responsibility system based on targets for the manager's tenure in all the province's import-export companies; in the first six months of the year, we shall move from test sites to overall implementation, based on the experience gained from focusing on the six test companies.

2. Positively support production and expand sources of export goods. Expanding exports and generating more foreign exchange requires establishing a foundation of salable export commodities. In addition to applying economic measures and focusing on purchases of export commodities, we must use every means to support production and expand the sources of exports. 1) We must properly focus on the important foundation work of establishing export commodity bases. We must provide support to the six Hebei commodity bases that have now been included in the national agricultural and sideline products production system in such areas as capital, technology, supplies, and information services; we must strive to get them into production as quickly as possible so that we will see results. The original three integrated production bases and the 19 single-commodity production bases should be made to play a greater role by integrating their experience and upgrading and improving their methods. At the same time, the concerned departments should meet to deal with planning, management and construction for Hebei's light industrial and textile production system. 2) Support production through horizontal economic integration. Vigorously promote multilayered, multichannel horizontal integration in many fields and areas; bring relations closer between industry and trade, agriculture and trade, and technology and trade; expand and stabilize sources of exports. At the same time as we rely on and assist large and medium-size enterprises to expand exports, products not produced by large enterprises for which a gap exists, labor-intensive products, and some minor products should be shifted to county-run or township enterprises. 3) Support production by utilizing foreign exchange generated by processing imported materials and revolving exchange, ensuring that productive enterprises have the raw and supplemental materials, key equipment, and supplies for barter and purchase they so urgently need. Vigorously develop the processing of imported materials and processing on commission; lower costs, raise quality, and increase competitiveness in exporting to generate foreign exchange. 4) Reinforce international market surveys and research to provide information services to the production departments. 5) Thoroughly implement the state's various incentive policies to encourage exports and improve methods of settling accounts for retention of foreign exchange and for export bonuses; simplify procedures, honor commitments on time, and mobilize the enthusiasm of export-producing enterprises and delivery units.

3. Strive to open up international markets and strengthen marketing abroad. We should take every advantageous opportunity and utilize various flexible trading methods, selecting the best commodities, markets, customers, prices, and currencies to open up sales channels and invigorate business, striving to achieve more contacts sooner, selling at better prices, and earning more exchange. While consolidating old markets, we must strive to open up new markets.

4. Reinforce management and low expenses We should focus on reducing all expenses in order to lower costs. This year the average rate of funds turnover for this province's foreign trade enterprises should be increased by 20 percent over last year; expenses should be reduced by 10 percent from last year. 1) The mix of export commodities should be reasonably readjusted, and profit-making or low-loss goods should be vigorously developed. 2) Warehouses should be cleared out and unreasonable warehousing should be reduced; occupied funds should be reduced and funds turnover accelerated. 3) Domestic transport

should be scientifically organized; modes of transport and transport channels should be selected rationally to reduce the number of steps, increase efficiency, and reduce expenditures. 4) Focus on export transport performance, improve management of contracts, invoices, and exchange conversion. 5) Lower consumption of materials and economize on the raw and supplemental materials and packaging for export goods. Strive to achieve simultaneous increases in exporting to generate exchange and economic results.

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CSO: 4006/542

ATTRACTING DIRECT INVESTMENT FROM ABROAD IN ZHEJIANG

Hangzhou ZHEJIANG RIBAO in Chinese 22 Mar 87 p 2

[Article by Guo Jianshe [6753 1696 4357]: "Pay Attention to Attracting Direct Foreign Investment"]

[Text] Since implementation of the open policy, Zhejiang has been gradually using more and more direct foreign investment. This has not only made up for a shortage of construction funds but has also brought in much advanced technology and management experience, which has had a positive effect in promoting the province's economic growth and technological progress. However, several problems remain in the effective use of direct foreign investment due to inadequate experience.

The purpose of utilizing foreign investment is to bring in advanced technology, accelerate the technological upgrading of enterprises, promote product improvement and replacement, and expand exporting to generate foreign exchange. In the last few years more than 100 foreign-investment enterprises have opened in Zhejiang, with a total investment of more than \$300 million, \$100 million of which was direct foreign investment. In terms of the project structure of the existing foreign-investment enterprises, there were 15 projects involving foreign investment in tourist hotels, plus a total of more than 30 service projects such as taxis, color printing, and panoramic cinematography, accounting for more than 30 percent of the total number of projects. In terms of amount of investment, total investment in service projects was \$150 million, almost one-half the investment in all projects. In terms of introduction of advanced technology and equipment, the existing foreign-investment enterprises have brought in a good deal of ordinary technology and equipment and little that is advanced. In terms of the enterprises' foreign exchange balance, there are still not many export-oriented enterprises, and some will have to import foreign raw materials, components and parts for a long time to come, though their products have difficulty getting into the international market, so they have trouble achieving an exchange balance; although some enterprises' products have been able to get into the international market, their exchange costs are high, and they have trouble sustaining this. Among productive projects there is still duplicative importing and distribution, and in some cases there are five or six projects doing the same thing.

In short, Zhejiang's utilization of foreign investment is still less than ideal. In addition to inadequate experience, the reason for this is that this question of how to effectively utilize direct foreign investment has not yet been fully addressed. In using direct foreign investment, attention should be paid to properly handling the relationship between quantity and benefits. A one-sided pursuit of quantity in the use of direct foreign investment at the expense of benefits is unacceptable and makes it difficult to realize the purpose of using foreign investment. In using direct foreign investment, consideration must be given to the capacity to support it, and this capacity is limited. Therefore, within this limited capacity to support direct foreign investment, attention must be paid to guiding it, and to striving for economic results.

Under the present circumstances, how should the use of direct foreign investment be guided? I believe that we must first improve the investment environment and create good conditions for attracting foreign investment. In order to guide investment we must first attract it, and to attract it we must improve the investment environment. Investment environment is the entire system including the political, economic, social, and natural realms. There is the "hard" environment, such as infrastructure; and there is the "soft" environment, such as policies regarding use of foreign investment. Improving the hard environment takes time and can only be done step by step; the soft environment is more dynamic. We must now thoroughly implement the State Council's Resolution Regarding Encouragement of Foreign Investment and strive to create a "microclimate" suitable for foreign investment. Although preferential investment is not the determinant factor in attracting foreign investment, suitable preferential treatment in combination with improvement of the investment environment and other conditions can yield excellent results in guiding foreign investment. Therefore, we should continue to adjust our preferential policies regarding investment requirements according to different times and different industries and projects.

Second, we must formulate a feasible plan for utilizing direct foreign investment. This plan should be drafted according to national economic development plans and industrial plans so as to avoid inconsistencies. In order to make rational use of foreign investment and fully exploit its economic benefits, we should adopt focused, selective strategies for using direct foreign investment; by means of a set of requirements regarding the range and types of foreign investment, we should use administrative and economic approaches to guide foreign investors towards investment in key industries and regions, truly putting foreign investment to work for us.

Third, there should be a specialized agency to deal with the use of direct foreign investment. With such an agency, it will be possible to consider all aspects of the plan for using foreign investment, coordinate the various relationships, and provide timely assistance to foreign-investment enterprises in solving problems. Foreign investors are extremely concerned about the efficiency with which their investment is handled, and this is an important measure of how good the investment environment is. Compartmentalized dealings, with no specialized agency, strongly impact the improvement of efficiency. Local governments now all have the authority to decide on projects under certain limits; this helps accelerate the pace of utilization of direct

foreign investment, but it also makes it easy for duplicative importing and distribution to occur. This is an area that requires a specialized agency to properly balance out projects.

Furthermore, we must also conduct foreign publicity campaigns. We should take the initiative in using every means and opportunity to present our open policy, investment environment, and preferential treatment, as well as those industries, regions and projects that encourage foreign investment.

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CSO: 4006/542

ZHEJIANG DEVELOPS NEW EXPORT COMMODITIES

Hangzhou ZHEJIANG RIBAO in Chinese 24 Mar 87 p 1

[Article by Ye Xuan [0673 5503]: "Zhejiang Positively Developing New Export Commodities; Last Year More Than 100 New Export Commodities Were Added, Generating More Than \$30 Million"]

[Text] In focusing on exports to generate foreign exchange, Zhejiang's import-export companies are paying close attention to developing new products and substituting improved versions of traditional products, and are positively developing exports of these new commodities. According to incomplete statistics, in 1986 Zhejiang had more than 100 new export commodities, generating more than \$30 million in foreign exchange, and accounting for 14.2 percent of the total increase in exports over the previous year. Of these commodities, the new export products of the Zhejiang Textile Import-Export Co. generated more than \$20 million, accounting for 47.3 percent of this company's total increase in exports.

The export commodities newly added in 1986 include those employing new technology and equipment, new packaging, made-over traditional export commodities, and products whose quality was improved. There were also several new products which only Zhejiang has and which are being exported from China for the first time. By working closely together, the Zhejiang Textile Import-Export Co. and the Hangzhou Knitwear Plant successfully developed the S/Z line of knitwear, which sold \$700,000 in Japan in the first year after it was launched.

By switching to new, better varieties of existing export commodities, changing the product mix, and adopting new specifications and patterns, export commodities have been adapted to international market demand, which has had a positive effect in opening up markets and expanding sales. These salable commodities can not only boost exchange-generating capacity but can also greatly lower exchange costs. Jinhua ham, Gaoshan tomatoes, and minispeakers have all been well received by clients.

Introducing advanced technology and equipment is an important means of developing new products. In Haining, for example, a textile factory and a clothing factory brought in an assembly line to process stone-washed jeans that sell so well on the international market; in their first year last year they generated \$600,000 in foreign exchange.

HAINAN SPEEDS UP CONSTRUCTION OF PORTS, AIRPORTS

HK170606 Hong Kong ZHONGGUO XINWEN SHE in Chinese 0245 GMT 14 May 87

[Report: "Hainan Island Speeds up Construction of Ports and Airports"]

[Text] Haikou, 14 May (ZHONGGUO XINWEN SHE)—An official of Hainan port said: During the Seventh 5-Year Plan, Hainan Island will invest 500 million yuan to build ports and airports to quickly improve its investment environment.

There are many ideal ports along Hainan Island's 1,528 km-long coast. Since 1984, the island has invested some 189 million yuan to modify and expand airports and ports. The island's ports handled 7.71 million tons of cargo and some 210,000 passengers last year. On the whole, there has been no delay in the loading and unloading of cargo on the island.

Haikou port, which is described as "the door of Qiongzhou," had only three 3,000-ton berths in the past. Last year, two 5,000-ton berths with a total investment of 69 million yuan were completed and put into operation. The berths can handle 550,000 tons more cargo annually. Other auxiliary projects are now being built in Haikou port and will be completed and put into operation before the end of this year.

In Basuo port, an ideal port in western Hainan which mainly exports ore, a 10,000-ton wharf for handling ore and a wharf for handling groceries, which consists of a 5,000-ton deepwater berth and a 10,000-ton deepwater berth, have been completed. Basuo port can now handle 4.2 million tons of cargo annually. During the Seventh 5-Year Plan, the port will complete a project of moving a mole and build two 10,000-ton berths. The project, involving a total investment of 69.02 million yuan, will start this year.

Yangpu port is Hainan Island's largest port under construction; the total investment in construction is some 185.25 million yuan. In the first phase of the project, which is now underway, two 20,000-ton berths and a wharf for work ships will be built. Some 59.2 km of highway linking the wharf has basically been completed and will be put into operation in September this year.

After the expansion of Sanya port, which is on the south end of Hainan Island, there are now ferry services between Sanya and Hong Kong. Last year, some 54,000 tourists entered and left China through Hainan's two open ports, namely, Haikou and Sanya; Haikou port received 169 foreign oceangoing ships, 297 ferries from Hong Kong and Macao, and some 18,400 international seamen. In addition, Haikou has in recent years started the business of international container shipping service between Haikou and Hong Kong and between Haikou and Singapore, achieving remarkable results.

The Haikou airport is one of Hainan's open ports, where Boeing 737's can take off and land. There are now daily flights between Haikou and Guangzhou, regular chartered plane service between Haikou and Hong Kong, and irregular air service between Haikou and Singapore. A new waiting room building is under construction at the Haikou airport and is scheduled to be completed at the end of the year. Last year, local authorities invested 550,000 yuan to expand the runway of the Sanya airport. Now, A-24 airliners fly between Sanya and Guangzhou.

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CSO: 4006/654

MARKED SUCCESS IN WATER CONSERVANCY PROJECTS

Beijing JINGJI RIBAO in Chinese 8 Apr 87 p 1

[Article by Ying Sheng [4481 0581]: "Since Last Winter China's Villages Achieve Marked Success in Water Conservancy; Better Management and Improved Results Still Needed for Many Projects"; first paragraph of text is source-supplied preface]

[Text] From last winter through this spring, large-scale construction of rural water conservancy installations has proceeded quickly, which will play an important role in fighting drought and assuring spring irrigation. It should be noted that this spring drought conditions have been rather severe; half the country's 29 provinces and autonomous regions are experiencing varying degrees of drought. This requires the close attention of all levels of leadership and the enthusiastic cooperation of all departments to assure progress and quality in water conservancy works. There must be positive support for the cement, steel, diesel oil and other materials urgently needed by supply departments and other concerned departments for the construction and upkeep of rural water conservancy installations. A complete system of water conservancy services should also be established, along with a responsibility system for the management, maintenance and use of these installations, in an effort to prevent drought and ensure harvests.

In the face of varying degrees of neglect and damage over the years to rural water conservancy works, from last winter through this spring the masses were mobilized around the country to build and repair these installations according to local conditions, and good results have been achieved.

According to data provided by the State Statistical Bureau, as of the end of 1986 a labor force of more than 56 million had engaged in winter construction and repair of rural water conservancy works, a 40 percent increase over the figure for the previous winter and spring; 2.25 billion sq m of earth and stone work was completed; 1,376,000 water conservancy works were constructed and restored, with 871,000 works, or 63 percent of all construction, completed. The irrigated area newly added, improved, and restored reached 23.44 million mu, nearly double the area restored during the entire winter-spring period the previous year. The newly added and improved area of waterlogging control was 11,986,000 mu, nearly a threefold increase. At the same time, the area subject to control of water and soil erosion reached 57

million sq km; problems with drinking water were solved for 3.11 million people and 1.11 million head of livestock. In terms of regions, construction of rural water conservancy works proceeded especially rapidly in Hebei, Shandong, Jiangsu, Henan, Hunan, Sichuan, and Shaanxi. The labor force put to work in these provinces reached more than 31.8 million, more than half the figure for winter repair of water conservancy works for the entire country. They added, improved or restored irrigation in an area of more than 16 million mu, accounting for 68 percent of the figure for the entire country.

Following testing, acceptance, and minor adjustments in the winter work on rural water conservancy works, each region launched a brief period of spring work on these facilities. As of the end of February, the five provinces of Shanxi, Zhejiang, Fujian, Yunnan and Guizhou alone had put a cumulative total of 350 million laborers to work on building and repairing rural water conservancy works, and they added, improved or restored more than 6.1 million mu of irrigated land, significant increases over the same period last year.

It is reported that in 1986 the state invested 2.23 billion yuan in water conservancy works, a 15.1 percent increase over the previous year. However, construction has not been even around the country; there are still shortages of the materials and funds needed for construction of the works, and the benefits from some works have not yet reached historical peak levels. Management, upkeep and use of some works are still problematic, and in some regions there have been disputes over water use.

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CSO: 4006/589

OUTLOOK FOR PEANUT HARVEST

Beijing ZHONGGUO SHANGYE BAO in Chinese 7 Apr 87 p 3

[Article by Li Xingguo [2621 5281 0948]: "This Year's Outlook for Peanut Production"]

[Text] According to reports from the concerned departments, the peanut market in recent years has been characterized by the following three facts:

1. Market prices for peanuts (and oil) have risen, eliminating the relative price stability of the previous several years. According to statistics from 80 country fairs around the country, as of the end of December, 1986, peanut oil prices had risen 4.97 percent over the same period the year before; the market price per kg was about 0.60 yuan higher than the state purchase price, and the negotiated prices of grain departments followed suit. Only around the time of the Spring Festival did prices stabilize, with a slight decline.

2. State purchases at par have declined, while purchases at negotiated prices and through other channels increased. State purchases of peanut oil (including second-pressing oil) at par in 1985 were down 15 percent from 1981; the volume of negotiated purchases more than doubled. From April 1986 to January 1987, purchases at par declined 23 percent from the same period the year before, while negotiated purchases remained at the level of the previous year; however, the volume of negotiated purchases was more than one-third over purchases at par.

3. Direct consumption of peanuts increased. In 1985 Beijing grain departments sold more than double the volume of peanuts at negotiated prices over 1981. From April 1986 to February 1987, sales of peanuts at negotiated prices rose 9.1 percent over the same period the previous year, and the amount of peanut oil consumed remained basically stable. Changes in consumption patterns for peanuts and peanut oil have been basically the same as the changes in the world market in recent years. According to reports cabled from abroad, it is estimated that direct consumption of peanuts in the world market in 1986-1987 will reach 340,000 tons, an increase of 9,000 tons over the previous year, while trade in peanut oil will continue slack. In the last three years exports of peanut oil in the world market have dropped from 512,000 tons in 1982-1983 to 350,000 tons. At the same time, there are indications that peanut oil consumed in the world market is being replaced by other vegetable oils.

Because of natural calamities last year during the planting and growing seasons in China's main peanut-producing regions, the area sown in peanuts declined by 1.15 million mu from 1985, with a drop in total production of 13.4 percent, and the market was fairly tight. Analysts in the concerned departments believe that China's peanut production can be expected to rise this year. First, since last year prices of peanuts (and oil) have risen, and peasants are selling more of their peanuts at negotiated and market prices, which will necessarily stimulate peanut production; second, the state is raising the quota prices for peanuts (oil) this year; third, China's peanuts are of good quality and are quite competitive in the international market, favoring exports.

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CSO: 4006/589

INCREASE IN RAMIE PRICES EXAMINED

Beijing JINGJIXUE ZHOUBAO in Chinese 12 Apr 87 p 6

[Article by Liu Siwei [2692 1835 4850] of the Hunan Commercial Management Cadre Institute: "Some Thoughts on the Sharp Increase in Ramie Prices"]

[Text] 1. In the last few years China's ramie market has experienced various tilts and oscillations. For several years in succession ramie prices have risen from "troughs" to "crests," and the material benefits of these high prices have vigorously stimulated peasant production, and this has affected irregular and irrational alterations in the internal structure of agricultural production. There are several problems here that warrant consideration.

2. In the several years since decontrol of the ramie market, there has been an abnormal climb in ramie prices. In a sense, this is a distortion. In Hunan, for example, before 1982 the purchase price of ramie was 101.6 yuan per 100 jin; in 1984, it was 119.5 yuan; by 1985, because of panic purchasing, ramie prices shot up abnormally, reaching more than 500 yuan per 100 jin. In 1986 ramie prices continued to rise, reaching 700 to 800 yuan, and even 1,000 yuan in some areas. Such changes are unprecedented in the history of prices for agricultural products in China.

3. Such price increases are not induced by normal increases in production costs, nor are they due to automatic regulation by market supply and demand. True, ramie prices are directly affected by international market supply and demand, but domestic ramie prices are not at all linked to prices on the international market. The fact is that when ramie prices soared on the domestic market, ramie prices on the international market did not evince any such "miracle" of simultaneous, sudden change. Why is this? It is primarily due to the intense competition in domestic purchasing circles induced and stimulated by ramie prices going back up. In addition to competition to buy within the foreign trade, commercial, and supply and marketing systems, and within the enterprises in those systems, the grain, second light industry, silkworm cocoon, animal husbandry and aquaculture, and forestry systems also joined the ranks of ramie buyers. In addition to the various state-run enterprises, business with rural township enterprises, integrated agricultural and commercial entities, and individual merchants and peasant carriers is also brisker than ever. There are also labor service companies and trade centers that have also taken a hand in the business. When new ramie reaches the

market, hordes of buyers from all over Hunan and outside it converge on Yuanjiang and other places to engage in close combat, raising prices in their competition for sources of ramie, while profiteers pass on what they have bought to merchants who also take the opportunity to drive up prices. From competitive and rush purchasing to chaotic purchasing, the confusion is unrelenting and leads to a straight rise in prices in a short period of time.

4. The chaos of ramie market price mechanisms first causes severe damage to ramie processing enterprises. The processing enterprises are too desperate to be choosy, and they have to offer preferential terms in order to get supplies, so that their costs go up. Since they are not worried about finding buyers, the producers take a lax attitude toward their product, and the quality of decorticated ramie quickly declines, directly affecting the quality of the processed, finished product. Many speculators take the opportunity to add water or otherwise adulterate the product; sand and other foreign matter getting into the ramie has an even greater impact on production by the processing enterprises and leads to declining quality in finished and semifinished ramie products, thus affecting exports.

5. Soaring ramie prices have been a fierce stimulus to agricultural producers to invest blindly and plant larger ramie plots, eliminating grain or cotton to plant ramie; in some cases this has even been praised as pioneering work in developing the commodity economy and making a reasonable adjustment in the agricultural structure. In 1985 the area planted in ramie in Hunan was 359,500 mu; in 1986 this rose to 870,000 mu. The number of ramie-producing counties (and municipalities) in the province rose from 50 to 87; 11 state-run farms have also been planting ramie. Yuankou County has planted about 60,000 mu down through the years, but in 1986 this rose to 220,000 mu, an increase of 90.5 percent over 1985 and accounting for 28 percent of all cultivated land, as compared with 46 percent for paddy fields, and accounting for 70 percent of total cash crop area. There has been an unprecedented "ramie-planting fever" in the Lake Dongting area, known for grain. During the same period, acreage rose from 250,000 mu to 1.1 million mu in Hunan; from 200,000 mu to 600,000 mu in Sichuan; from 160,000 mu to 280,000 mu in Jiangxi; from 50,000 mu to 190,000 mu in Anhui; from 45,000 mu to 160,000 mu in Jiangsu; and from 28,000 mu to 100,000 mu in Guangxi. The expansion of ramie cultivation leads to a corresponding reduction in the area planted in grain and other crops. In the case of silkworm cocoons, the price ratio between them and ramie has generally been such that two dan of ramie equals one dan of cocoons; in 1986, it was five dan of cocoons to one dan of ramie. This has severely dampened peasant enthusiasm for cultivating mulberries and raising silkworms. In early 1986 in Hunan's Changde Prefecture, mulberries were eliminated to plant ramie, with more than 6,000 mu of mulberries eliminated, a 25-percent reduction. Some cotton was also eliminated to plant ramie.

6. "Ramie fever" has attracted a great deal of attention. Truly solving the problem, however, will require continued effort. This ramie fever means that we should reflect seriously on reform of the circulation system and the market for agricultural products. 1) The agricultural products market must be made to develop sturdily, with market mechanisms applied on an effective scale; we must not merely satisfy the market's surface activity and its rapid stimulus and recoil effect on production. It is essential that effective guidance,

regulation and control be exerted over decontrolled markets and circulation. 2) In completely decontrolled agricultural products markets, the first priority is to bring order to market relationships and establish orderly principles of market competition to prevent unscrupulous, unorganized, unchecked competition that creates various false impressions in market supply and demand and leads to abnormal tendencies and excessive adjustments of the production structure. 3) The greater the market space of a given farm product, the more complex the exchange process; paying closer attention to fostering and reestablishing the market organization after decontrol and establishing a new system of market organization are an objective necessity for freeing the circulation of farm products from the shackles of the old, traditional system and developing it at the grassroots level, which is a condition for effectively completing and applying market mechanisms. 4) The circulation of certain staple export products must not be allowed to remain at the "free and undisciplined" level in the early stages of development of the commodity economy; rather, appropriately flexible control should be exerted on purchase prices, supply of purchase funds, purchasing channels, and the taxation lever, by product type and time, so as to avoid a loss of control over market operating mechanisms. Only in this way can we continue to consolidate and intensify the results of reform. 5) Reestablishing and perfecting the system of market organization and market principles also requires preventing the inertial effect of the traditional system so as to avoid going around in circles and losing the results of reform.

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CSO: 4006/617

APPROACH TO SOLVING PROBLEM OF GRAIN PRICES

Beijing JINGJIXUE ZHOUBAO in Chinese 12 Apr 87 p 6

[Article by Lu Guoying [7627 0948 5391] of the Agricultural Economics Institute of the Ministry of Agriculture, Animal Husbandry, and Fishery: "A Third Approach to Solving the Problem of Grain Prices"]

[Text] The current problem of contractual quota prices for grain seems to confront China with a difficult choice: current prices are clearly lower than market prices and if effective measures are not taken, it will be difficult to mobilize peasant enthusiasm for planting grain; if quota prices are adjusted upward to be near market prices, they will exceed the state's financial capacity.

By purchasing some grain under quotas at low prices, the state is actually using the price method to place some of the economic burden on the peasants. Experience in other countries has shown that this does not produce ideal results. In that case, assuming that the state's current financial capacity is not exceeded, is it possible to adjust grain prices upward and modify the burden placed on peasants, thereby bringing order to the various interests and exploiting the positive role of the law of value in grain supply and demand? In this regard, I have come up with a third approach to solving the problem of grain prices. Its salient features are: 1) Do away with the policy of supplying at parity agricultural means of production that are in short supply, such as chemical fertilizers and diesel oil, allowing them onto the market but ensuring that agricultural needs are met. 2) Raise quota prices for grain to bring them close to market prices. 3) The expenditures which the state can save by implementing 1) and the expenditures which the state will have to increase in implementing 2) can be used to cancel each other out; any gap remaining can be dealt with through new land taxes, resource occupancy taxes, and local farm support taxes on township enterprises.

The advantages of this approach are: 1) It mobilizes peasant enthusiasm for planting grain and facilitates increasing reserve strength for agriculture; it promotes grain circulation and exploits local advantages, stabilizing the foundation of the national economy. 2) By placing the financial support of the state's supplying the means of production at parity directly on grain prices, the phenomenon of the state getting large amounts of money while the peasants earn scant profits and a few intermediaries reap unfair gains is

fundamentally eliminated. This facilitates the use of scarce agricultural means of production and achieves a balance in supply and demand. 3) It changes the current system of microeconomic farm supports for village enterprises to local taxation of township enterprises to support agriculture, so that local governments provide local farm supports. This means that grain prices in economically developed areas will also be higher than elsewhere, so as to stabilize local grain production and overcome the conflicts between enterprise and social interests in the past system of farm supports. This will expand sources of agricultural capital (township enterprises do not include only enterprises run by villages and towns) and preserve enterprise rights to earn a profit. 4) Some of the financial burden originally borne by the peasants under the old price system would be borne through land taxes and resource occupancy taxes; although there would be no change in who is bearing the burden, it would mean that grain quota prices would be based on the law of value, so that any additional burden the peasants would have to bear depending on conditions of national strength at a given time would be placed on the land; any nonagricultural occupancy of the land or the use of any other real estate resources would be taxed according to law. This would facilitate bringing order to economic relationships, protect the interests of grain farmers, restrict the practice of allowing fields to lie fallow, promote operations scaled to the land, and protect land resources. At the same time, it would make hidden taxation apparent and would make price signals real. This would facilitate evaluating the economic and technical results of agriculture and prioritizing industrial structure. This is an important step in moving forward with a planned commodity economy and fits in with the long-term goals of economic reform.

This proposal to adjust prices will not lead to waves of price hikes, which everyone is so worried about. The reasons for this are: 1) at the same time as grain quota prices are raised, the prices of urban commodity grain and grain used for industrial raw material can be left temporarily the same; prices of the latter may be raised individually when conditions are ripe. 2) Raising the prices of agricultural means of production in short supply will have little impact on grain costs, since most of those bought by peasants are already high-priced, with items supplied at parity most often being unavailable anyway. 3) Given the experience of Shijiazhuang in decontrolling the market for the means of production, changing allocation at parity to trade at market prices plus planned price subsidies not only does not raise market prices but also, because it increases the channels for getting goods to market and reduces storage for "insurance" by enterprises, raises the turnover rate for goods. Decontrolling grain quota prices and the prices of agricultural means of production in short supply will also produce similar effects. Of course, this is merely one approach; if it is to become a feasible option, it must be subjected to intense scrutiny, calculation and testing.

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CSO: 4006/617

HUNAN RAISES GRAIN, OIL PRICES

Changsha HUNAN RIBAO in Chinese 20 Mar 87 p 1

[Article by He Huanming [0149 0822 7686]: "Beginning 1 April Hunan Raises Purchase Prices of Some Grain and Oils"]

[Text] The Hunan Price Bureau and the Hunan Grain Bureau recently announced jointly that beginning on 1 April the province is raising the contractual quota prices of some grain and oils in order to mobilize peasant enthusiasm for planting grain.

The price of long-grain rice (medium grade, 50 kg, here and following) will be adjusted from 15.59 yuan to 17.09 yuan, an increase of 1.5 yuan; round-grain rice will be adjusted from 16.40 yuan to 19.15 yuan, an increase of 2.75 yuan. Glutinous rice subject to contractual quotas will go from 19.17 yuan to 21 yuan, an increase of 1.83 yuan; corn will go from 15.66 yuan to 17.17 yuan, an increase of 1.51 yuan. Dried sweet potato will go from 14.85 yuan to 16.28 yuan, an increase of 1.43 yuan.

The contractual quota price of cottonseed (oil) will also be raised appropriately (also for 50 kg). Cottonseed will be adjusted from 12 yuan to 15 yuan, an increase of 3 yuan; unprocessed cottonseed oil will go from 86.4 yuan to 108 yuan, an increase of 21.6 yuan; refined cottonseed oil will go from 100.8 yuan to 126 yuan, an increase of 25.2 yuan. After contractual quota prices are raised, grain supplied under the current monopoly sale price will retain that price.

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CSO: 4006/589

JIANGSU WATER SURVEY

Nanjing XINHUA RIBAO in Chinese 15 Apr 87 p 1

[Article by Gu Wenhua [7357 2429 5478]: "Jiangsu Completes Survey of Water Quality and Water-Borne Diseases; Accelerate Pace of Water Improvement, Control Water Pollution"]

[Text] Yesterday it was revealed at a conference to evaluate the results of a Jiangsu survey of the quality of water for human consumption and of water-borne diseases that more than 870 experts from Jiangsu's sanitation and antiepidemic stations, after four years of arduous effort, have surveyed drinking water and some water sources at 1,514 survey sites throughout the province and have now completed the provincial survey of water quality and water-borne diseases.

Beginning in February 1984, the province's sanitation and antiepidemic stations surveyed conditions of water sources, drinking water quality, water-borne diseases, sources of pollution, and water use per capita throughout the province and tested water for color, smell, pH level, turbidity, overall hardness, and bacteria count; they also established a quality-test control system and 52 computer programs. During the survey, key grassroots personnel were trained in environmental sanitation, with more than 3,600 people undergoing training. At the same time, social surveys and research were launched in hydrology, meteorology, geology and distribution of hydrographic nets.

This survey has provided a fairly systematic picture of the quality of the various sources of drinking water, the sanitation of water sources, and water-borne diseases in Jiangsu. The number of people who now have running water for drinking amounts to 15.58 percent of the provincial population; 43.37 percent use groundwater, and 40.88 percent use surface water. There are still 127,000 people in the province who are short of water; per capita water use per day is only 6.55 liters. Running water service is available to 81.24 percent of the people in cities and towns, with 18.76 percent of the urban population still making use of dispersed water supplies. In addition to all sources of drinking water being severely polluted by human waste water, some water is also polluted by industrial wastes, leading to water-borne diseases. The survey data show that outbreaks of typhoid and fluorine poisoning are closely related to fluorine content and the microbe index; hepatitis and dysentery are also related to poor water quality.

Experts at the conference recommended accelerating the pace of water improvement and controlling water pollution; periodic studies should also be done of the relationship between water pollution and human health.

JIANGXI GRAIN BASES

Nanchang JIANGXI RIBAO in Chinese 14 Mar 87 p 1

[Article by Luo Min [5012 3046]: "Exploiting Advantages to Increase Reserve Strength in Grain Production; Jiangxi Establishes First Three High-Grade Rice Production Base Counties During Seventh 5-Year Plan, Allocates Special Funds to Support 30 Counties in Increasing Commodity Grain Yields"]

[Text] In order to further develop grain production, Jiangxi is beginning to establish the first three high-grade rice production base counties during the Seventh 5-Year Plan, while at the same time allocating special funds to match state investments in support of 30 counties to increase commodity grain production.

From 1983 to 1985, Jiangxi used state investments and its own funds to complete the establishment of six commodity grain base counties. The average annual rate of increase in grain production in these six counties was 4.35 percent higher than the provincial average. With the approval of the concerned national departments, the three counties of Boyang, Xinjian, and Xiajiang will be turned into high-grade rice production bases during the Seventh 5-Year Plan. A total investment of 10 million yuan will be applied primarily to developing production, expanding reproduction capacity, and to the construction of processing, storage, transport, and other service facilities. After three years of construction, clear results will be called for in such areas as availability of high-grade rice, foreign trade and generation of foreign exchange, and peasant income.

In addition, the state will invest 16 million yuan, to be matched by 24 million yuan from the province, prefectures (cities) and counties, which will serve as a special fund for Jiangxi to develop grain production between 1986 and 1990; it will be used primarily to support the development of grain production in 30 counties (prefectures) with the greatest potential: Yifeng, Shanggao, Fengxin, Qingjiang, Xinfeng, Ningdu, Huichang, Jiujiang, Xiushui, Yongxiu, Duchang, Yiyang, Qianshan, Boyang, Wannian, Ji'an, Jishui, Yongfeng, Wan'an, Xingan, Linchuan, Nancheng, Jinxi, Chongren, Lichuan, Guixi, Anyi, Leping, Pingxiang City, and Yushui Prefecture in Xinyu City. It will be applied to developing grain production, construction and rebuilding of farmland water conservancy facilities, transforming medium- and low-yield fields, propagating and popularizing superior varieties, disseminating

appropriate advanced technologies, and prevention and cure of diseases and insect pests. By improving agricultural production conditions, increasing reserve strength, and getting better economic results, the goal of increasing production of commodity grain will be reached.

These 30 counties now have a total of 23.69 million mu planted in grain, accounting for 43.5 percent of the provincial total. According to forecasts for 18 of the counties that have already undertaken surveys and programs, within five years 700,000 people will have undergone training in technologies adapted to agriculture; 24.3 million mu of low-yield fields will have been transformed; and 600,000 mu of bases for the propagation of superior varieties will have been created.

It has also been learned that the state will provide suitable investment support to the three Jiangxi counties of Nanfeng, Nankang, and Wuning, which will establish fruit production base counties within four years.

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CSO: 4006/589

QINGHAI ANIMAL HUSBANDRY

Xining QINGHAI RIBAO in Chinese 30 Mar 87 p 1

[Article by Zhang Zhidao [1728 1807 6670]: "New Production Changes Occurring in Qinghai's Animal Husbandry; Learning from the Blizzard, Strengthening Basic Construction; Development One Year After Disaster Much Better Than Originally Forecast"]

[Text] Although the devastating blizzard of the winter of 1985 and early 1986 caused severe losses for animal husbandry in the stock-raising regions of southern Qinghai, it provided an invaluable lesson for cadres and the masses in the stock-raising regions: everyone is now paying attention to basic construction for animal husbandry, and in one year production has taken on some gratifying new characteristics and undergone new changes.

A responsible comrade in the Qinghai Department of Animal Husbandry described this situation. He told this reporter that, after the disaster, the restoration and growth of animal husbandry, particularly in the stricken regions, was much better than had been forecast at the start of last year. At the end of 1986, more than 4.36 million head of young animals had been raised, with the overall rate of increase being 1.5 percent higher than the previous year. Including internal marketing, the slaughter rate and marketing rate were basically the same as the previous year. Animals in inventory at the end of the year increased by more than 246,900 head over the previous year. Production plan assignments for output of animal products were met for meat, milk and eggs, though not for wool. Per capita income in stock-raising areas reached 481 yuan, an increase of 4.8 percent over the previous year. Although no complete statistics are available for this spring's lambing and lamb survival, many front-line comrades from the stock-raising autonomous prefectures and counties report the survival rate was generally over 90 percent, due to little blizzard damage last winter and this spring.

That livestock production has been able to achieve relatively good results and some gratifying changes in the first year following the disaster is certainly not accidental. The main reason for this is that, having undergone this rigorous test imposed by the blizzard, the entire province is now paying more serious attention to developing animal husbandry. The stock-raising prefectures and counties have clarified their strategies and approaches for developing animal husbandry and have formulated and implemented policies and

feasible measures to promote that development, adhering to the principle of guidance by category. As second-stage reforms proceed in the rural stock-raising regions, a series of steps was taken to perfect and improve the two-tier management system; the autonomy of herdsmen in managing their animals and pastures has been expanded, which maintains the masses' enthusiasm. Funds are being raised through various channels to speed up basic construction centering on creation of grasslands. In 1986 the province applied 13.55 million yuan in investments to create grasslands; of this, 29 percent was raised by collectives and individuals. Annual plans were exceeded in all areas: seeding of grasslands, pens, grassland irrigation, closing off hillsides to allow grass to grow, construction of corrals, extermination of rodents and insect pests. Some well-run prefectures are proceeding with construction of the "three complements" of fixed abodes, corrals, and fences. In Haibei Prefecture, for example, 75 percent of stock-raising households now have fixed abodes. At the same time, breed improvement and epidemic prevention and treatment have improved everywhere. Haiyan and Wulan Counties have continued to consolidate results of sheep improvement. Tongde County is insisting on separation of flocks by type of animal to prevent the mixing of breeds. With management at the household level, varied forms of sheep improvement associations have sprung up. There is good momentum for development in cattle improvement and for hybridization of lean-meat hogs in farming areas. Epidemic prevention and treatment has improved. Prevention and treatment quotas were met in such areas as spread of cattle and sheep diseases, internal and external parasites, cattle flies, and other important animal diseases.

Even more gratifying is that farming regions, following the adjustment in industrial structure, are beginning to convert from cultivation alone to integrated farming and animal husbandry. Many areas have taken cultivation as an important means of launching diversification to get out of poverty, and they have also gone from their past concentration on hog and poultry production alone to developing hogs, poultry, cattle, sheep and rabbits. According to statistics from the eight counties in Haidong Prefecture, there have been increases in hogs, dairy cattle, and improved sheep since the beginning of the year, and in the numbers of peasants engaged in raising and marketing cattle and sheep.

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CSO: 4006/611

YUNNAN INCREASES INVESTMENT IN FARM PROJECTS

Kunming YUNNAN RIBAO in Chinese 9 Apr 87 p 1

[Article by Wang Yongsong [3769 3057 2646] and Liao Huaqing [1675 5478 3237]: "Yunnan This Year Increasing Investment in Key Agricultural Projects"]

[Text] This year Yunnan is planning to proceed with seven new and continuing strategic key agricultural projects. The budgeted investment totals 16.65 million yuan, an increase in total investment of 9.28 million yuan, or 126 percent, over the four key agricultural projects scheduled last year. This is the largest number of key agricultural projects scheduled by Yunnan over the years, and the largest investment in a single year.

These seven key agricultural projects are being scheduled in an effort to improve basic agricultural conditions and increase reserve strength so as to achieve a grain balance for the province during the Seventh 5-Year Plan, and to improve urban self-sufficiency in supplies of nonstaples and improve meat consumption.

Special emphasis is being given to four continuing and new medium-scale or greater water conservancy projects in commodity grain base counties and tropical-zone development; this year the total investment will reach 12.3 million yuan, accounting for 74 percent of the total investment for the seven key projects this year.

A commercial poultry farm with an annual output of 1 million birds is being built in Kunming; it will also feed 3,000 parent birds. Ground was broken and construction started for this project not long ago. Preliminary plans call for completion and start of production next year before the rainy season, with some commercial poultry reaching the market before the end of the year.

A lean-meat hog base is being constructed. This year three more lean-meat hog farms and 12 lean-meat hog insemination stations are being scheduled. This project is to be completed and start production this year.

Construction will continue on the tobacco research institute.

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CSO: 4006/611

BRIEFS

RESOURCES RESEARCH CENTER--Beijing, April 18 (XINHUA)--A research center to study natural resources in western China was inaugurated in Lanzhou, Gansu Province, yesterday. The center is formed of 17 research institutes and offices of five academies of sciences from the Xinjiang Uygur Autonomous Region, and the provinces of Gansu, Shaanxi, Sichuan and Hubei. It will study the development of resources and energy, the influence of weather changes on the environment and soil improvement. Research workers will investigate the Yangtze and the Yarlung Zangbo rivers, regional deserts and plateaux. [Text] [Beijing XINHUA in English 0817 GMT 18 Apr 87 OW]

NEW PLANT CO-CULTIVATION--Guangzhou, April 19 (XINHUA)--A new cultivation method has proved successful, according to the Chinese botanists who developed it on south China's sub-tropical Hainan Island, XINHUA learned here today. They have interplanted rubber and tea trees on some 16,600 hectares for 20 years under a research program and found that this can raise the efficiency of land use, reduce damage from bad weather, and better exploit sunshine, heat and water. The interplanting reduced the damage to rubber trees from strong winds from 35 percent to 17.7 percent in one area of the experiment, said botanists. With the new method, one unit of land can harbor plants that usually take one and a half units, and per unit output value also doubles. It has also proved that rubber trees can be tapped one or two years earlier than usual, and interplanted tea bushes have a higher yield. The botanists involved in the program estimated that the new method can bring in more than one billion yuan (270 million U.S. dollars) worth of additional output in one production circle of 25 years on the island. [Text] [Beijing XINHUA in English 0138 GMT 19 Apr OW]

PING ON GRAIN HARVEST PLANS--Fuzhou, May 13 (XINHUA)--Fujian Province on China's east coast plans to harvest 8.25 million tons of grain this year, and will try to hit 8.5 million tons, said the provincial governor yesterday. In his government report to the provincial people's congress, Hu Ping reported that Fujian has to guarantee nearly 300,000 hectares of cultivated farmland, and put a stop to the trend of building houses on agricultural land. Meanwhile, science and technology should be more widely applied in farming. Moreover, the provincial government will increase its investment in agriculture, he said. To realize the goal, the governor stressed the importance of carrying out government policy of encouraging peasants' enthusiasm for planting grain by giving them enough chemical fertilizer, diesel fuel and other production materials. [Text] [Beijing XINHUA in English 1345 GMT 13 May 87 OW]

FARM MACHINE SALES SET RECORD--Changsha, April 29 (XINHUA)--Sales of farm machines set a record in the first three months of this year in Hunan Province, central China, an official of the local farm machinery administration said today. Liu Yi said that the total value topped 120 million yuan (about 32.4 million U.S. dollars), 58 percent more than in the same period last year. Now, more than 600,000 peasant households in the province have bought pumps, rice mills, electric motors, diesel engines, tractors and trucks. The number of farm machines they own, including 34,000 agricultural-use trucks, accounts for 70 percent of the provincial total. A farm machine, able to perform ploughing, harrowing, water lifting, threshing and husking, is the best seller. It costs less than 1,000 yuan, equivalent to the price of an ox. Since 1983, the province has sold 72,000 such machines and the supply is still short of demand. Last year, farm machines ploughed 21 percent of the province's paddy fields and irrigated 62 percent, and transported 65 percent of cargo in the rural areas. [Text] [Beijing XINHUA in English 0838 GMT 29 Apr 87 OW]

/9716

CSO: 4020/191

BRIEFS

STATUS OF DEMOBILIZED SOLDIERS IN HEBEI--Hebei Province has taken active measures to utilize dual-talent personnel to meet the pressing needs of economic construction. It has set up 2,972 prefectural, town, and township referral posts and service stations, and has employed 101,000 demobilized soldiers from agricultural areas, representing 88 percent of the total number of demobilized dual-talent personnel in the province. Of these, 37,714 have assumed posts as grassroots farming cadres, 13,730 have become CPC branch secretaries and village committee directors, and 7,949 have become professionals in various fields. [Excerpts] [Shijiazhuang HEBEI RIBAO in Chinese 22 Apr 97 p 1]

HEILONGJIANG CIVIL DEFENSE STATISTICS--Statistics show that as of now there are 2,099 civil defense engineering projects in Heilongjiang, occupying 705,000 square meters. This utilization rate ranks fourth nationwide, with annual production (for enterprises) valued at 68,670,000 yuan and profits of 6,990,000 yuan. Forty sites are used as hotels and guesthouses; 84 as stores; 46 for cultural activities; 81 as office space, conference rooms, classrooms, and laboratories; 12 as hospitals occupying 6,751 square meters; and 31 as warehouses with a total area of 310,000 square meters. [Excerpts] [Harbin HEILONGJIANG RIBAO in Chinese 8 Apr 87 p 2]

NANJING MR LEADERS MEET PAKISTANI DELEGATION--On 30 April, PLA leaders led by Nanjing Military Region Deputy Commander Wang Chengbin [3769 2052 2430] met representatives from Pakistan's National Defense College. In attendance were Yuan Jun [5913 0193], commandant of the Army Command College; Tian Zhenhuan [3944 7201 3883], commandant of the Naval Command College; and Nanjing MR leaders and responsible persons Xia Yucheng [1115 3768 2052] and Wu Jike [0702 4949 4430]. [Excerpts] [Nanjing XINHUA RIBAO in Chinese 1 May 87 p 1]

GUANGXI MD LEADERS VISIT LIUZHOU RESERVES--On 4 February, Guangxi Military District Commander Li Xinliang and Deputy Commander Zhao Yunling [6392 0061 0407] led three working groups of major organizations to the Liuzhou reserve division and its subordinate regiments, carried out on the spot work, and solved a number of problems. [Text] [Guangzhou MINBING SHENGHUO in Chinese No 4, 1 Apr 87 p 23]

SHENYANG LEADERS HELP JINZHOU RESERVES--Chief commanders of the Shenyang Military Region Mobilization Department and Liaoning Military District recently led various organizational departments to probe into and help solve problems in the Jinzhou ground forces reserve infantry division. [Text] [Shenyang DONGBEI MINBING in Chinese No 2, 4 Feb 87 p 9]

QIQIHAR RESERVE DIVISION--The Qiqihar Military Subdistrict and reserve division have made use of their present machine repair facilities and technology, and have spent 30,000 yuan to repair and maintain artillery and anti-aircraft machineguns used in reserve unit training. After having been repainted and refurbished, all have met stipulated technical standards. [Text] [Shenyang DONGBEI MINBING in Chinese No 2, 4 Feb 87 p 9]

JIANGXI ARTILLERY BRIGADE BROADCASTS--Second Battalion of a certain Nanjing Military Region artillery brigade stationed in Jiangxi spent more than 1,500 yuan over the Spring Festival to purchase a radio broadcasting set and began to broadcast "Voice of the Barracks." One soldier was selected to act as broadcaster and editor. Over 200 items reflecting battalion life have been broadcast to date. [Excerpts] [Nanchang JIANGXI RIBAO in Chinese 10 Apr 87 p 2]

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